



Research Report

**A Rapid Appraisal
of The Implementation
of the 2005 Direct
Cash Transfer Program
in Indonesia:
A Case Study
in Five *Kabupaten/Kota***

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LIST OF ABBREVIATIONS

AKP	: Analisis Kemiskinan Partisipatoris (Participatory Poverty Assessment)
APBD	: Anggaran Pembangunan dan Belanja Daerah (Regional Government Budget)
Asda	: Asisten Sekretaris Daerah (Assistant Regional Secretary)
Bappeda	: Badan Perencanaan Pembangunan Daerah (Regional Development Planning Board)
BBM	: Bahan Bakar Minyak (Fuel Oil)
BKKBN	: Badan Koordinasi Keluarga Berencana Nasional (National Family Planning Coordination Board)
BLT	: Bantuan Langsung Tunai (Cash Transfer Assistance)
BPD	: Badan Pertimbangan Desa (Village Counselor)
BPMPP	: Badan Pembangunan Masyarakat dan Pemberdayaan Perempuan (Women's Empowerment and Community Development Board)
BPS	: Badan Pusat Statistik (Statistics Indonesia)
CBMS	: Community-Based Monitoring System
Coklit	: Pencocokan dan penelitian (Verification and Research)
DAK	: Dana Alokasi Khusus (Special Allocation Funds)
Depdagri	: Departemen Dalam Negeri (Department of Home Affairs)
DPRD	: Dewan Perwakilan Rakyat Daerah (Regional Peoples' Representative Council)
FGD	: Focus Group Discussion
Inpres	: Instruksi Presiden (Presidential Instruction)
Juklak	: Petunjuk Pelaksanaan (Operational Guidelines)
KK	: Kepala Keluarga (Family Head)
KKB	: Kartu Kompensasi BBM (BBM Compensation Card)
KPC	: Kantor Pos Cabang (Post Office Branch)
KPKD	: Komite Penanggulangan Kemiskinan Daerah (Regional Poverty Reduction Committee)
KRT	: Kepala Rumah Tangga (Household Head)
KSK	: Koordinator Statistik Kecamatan (Kecamatan Statistics Coordinator)
KTP	: Kartu Tanda Penduduk (National Identity Card)
LSM	: Lembaga Swadaya Masyarakat (Non-government Organization)
Mantis	: Mantri Statistik (Statistics Assistant)
Mendagri	: Menteri Dalam Negeri (Minister for Home Affairs)
Menko Kesra	: Menteri Koordinator Kesejahteraan Rakyat (Coordinating Minister for People's Welfare)
Menkominfo	: Menteri Komunikasi dan Informasi (Minister for Communications and Information)
MOoP	: Moving Out of Poverty
NTB	: Nusa Tenggara Barat (West Nusa Tenggara)
Ornop	: Organisasi nonpemerintah (Non-government Organization)
PBB	: Pajak Bumi dan Bangunan (Building and Land Tax)
PCL	: Petugas Pencacah Lapangan (Field Enumerator)
PKPS BBM	: Program Kompensasi Pengurangan Subsidi Bahan Bakar Minyak (Compensation Program for Reduced Subsidies on Refined Fuel Oil)
PKSK	: Pembantu Koordinator Statistik Kecamatan (Assistant Kecamatan Statistics Coordinator)
Posko	: Pos Koordinasi (Coordination Post)

PSE05	: <i>Pendataan Sosial Ekonomi Penduduk 2005</i> (Socio-economic Data Collection on the Population 2005)
PSE05.LS	: <i>Pendataan Sosial Ekonomi Penduduk 2005: Listing Sensus</i> (Socio-economic Data Collection on the Population 2005: Census Listing)
PSE05.RT	: <i>Pendataan Sosial Ekonomi Penduduk 2005: Rumah Tangga</i> (Socio-economic Data Collection on the Population 2005: Household)
RT	: <i>Rukun Tetangga</i> (Sub-Neighborhood Unit)
RW	: <i>Rukun Warga</i> (Neighborhood Unit)
Ruta	: <i>Rumah tangga</i> (Household)
SD	: <i>Sekolah Dasar</i> (Primary School)
Sekda	: <i>Sekretaris Daerah</i> (Regional Secretary)
SK	: <i>Surat Keputusan</i> (Decree)
SLTA	: <i>Sekolah Lanjutan Tingkat Atas</i> (Senior High School)
SLS	: <i>Satuan Lingkungan Setempat</i> (Local Area Unit)
SLT	: <i>Subsidi Langsung Tunai</i> (Direct Cash Transfer)
SMERU	: <i>Lembaga Penelitian SMERU</i> (The SMERU Research Institute)
UU	: <i>Undang-undang</i> (Law)

A Rapid Appraisal of the Implementation of the 2005 Direct Cash Transfer Program in Indonesia: A Case Study in Five *Kabupaten/Kota*

ABSTRACT

This report is the result of a rapid assessment of the first phase of the direct cash transfer program that is one part of the fuel subsidy reduction compensation program that is provided to poor households. The early observation and assessment of the administration of this program was needed in order to know the level of achievement of the program and its problems so it can be used as the basis for improving its administration and for planning programs of this type in the future. This assessment was undertaken using a qualitative methodology through in-depth interviews with a number of respondents and the quantitative analysis of secondary data. The investigation results show that time constraints for every phase of the direct cash transfer program, starting from the targeting process, socialization, card distribution, funds allocation to the handling of problems made the implementation appear "rushed" and its hastiness had an impact on the success of each phase of the implementation. The socialization program is the phase that was assessed as the weakest because it was not done intensively, especially in connection with institutions at the local level that had not yet been formed. In general, other phases of the program implementation proceeded well, although mistargeting triggered the emergence of conflict as the result of social jealousy.

EXECUTIVE SUMMARY

The rise in the price of fuel oil (BBM) on 1 October 2005 added to the financial burden on the lives of the community. To ease this burden, the government implemented the Direct Cash Transfer (SLT¹) for poor households that were identified by Statistics Indonesia (BPS) through the use of proxy-means testing methodology. Every household receives Rp100,000 per month that is provided once each quarter. For the first phase of the distribution that was realized on 1 October 2005, the government made Rp4.6 trillion available for approximately 15.5 million households. The distribution of funds was undertaken by PT Pos Indonesia through its branch offices.

This report was written on the basis of the results of SMERU's rapid appraisal of the implementation of SLT between 22 November-3 December 2005 in five *kabupaten/kota*. This appraisal was intended to obtain an actual picture of the first phase of the SLT implementation as lessons for improvements in distribution in future phases.

This study used a qualitative approach by conducting in-depth interviews with 93 recipient households, 30 non-recipient households and a number of key informants at various levels of government. In addition, five Focus Group Discussions (FGD) were conducted with *kabupaten/kota* authorities/figures, 10 with village authorities/figures and 12 with household recipients. The analysis used is qualitative analysis supplemented with a quantitative analysis of the targeting data.

The research results show that the limited time available made the SLT implementation seem "rushed" and, in turn, impact on the success of the implementation of each phase and the whole program.

This study found mistargeting although the incidence was relatively low as indicated by the number of non-poor households that became SLT recipients (leakage) and the number of poor households that have not yet received payments (undercoverage).

Several factors are believed to be behind the mistargeting: 1) the disparity in the capacities of the enumerators as they were not supported by adequate training and guidance; 2) the rather high level of subjectivity of the enumerators and local area unit (SLS) heads; 3) the screening procedure for poor households was not done carefully; 4) enumerators did not always come to the households that were being assessed; 5) indications of the existence of a quota for target households down to the RT level; 6) poverty indicators that were not sensitive enough to capture the whole socio-economic condition of households; 7) an incomplete choice of answers; and 8) the concept of the household and family as the SLT recipient unit was not clearly determined.

The quantitative analysis shows that: 1) the district targeting allocations were quite good (65.8%), meaning *kecamatan* that have more poor people received more KKB cards; 2) targeting at the household level shows varying results; 3) checking of the completion of household respondent forms shows a high level of consistency (78.3%) but there are inter-variable and inter-district variations; 4) a simulation of the results

¹SLT: *Subsidi Langsung Tunai*: Direct Cash Transfer.

of the data collection on respondents shows that the cut-off point of 0.2 that is used by BPS to determine the target is too low with the result that households that are unsuitable can become recipients; and 5) there were indications that supplementary household registration was less selective.

Household SLT recipients were given an identity card in the form of a BBM Compensation Card (KKB). The delivery of KKBs to recipient households varied between districts. Some were delivered by BPS officials, some also via the local government or enumerators. The means of delivery also varied, some were done from house to house, some also collectively by gathering recipients at a certain location.

The problems that emerged in the distribution of KKB included: 1) inconsistency between the identity of the recipient with the data included on the KKB; 2) cases of delays in the distribution of KKB at the request of the community; 3) cases of levies for transport costs by officials distributing cards to recipients; 4) several KKB cards that were cancelled/confiscated not yet delivered to BPS; and 5) information on cancelled KKB cards not always being known by the post office.

Several impediments were found in the distribution of SLT funds, including: 1) the minimal number of officials in each post office; 2) recipients who live far-away have to pay for the cost of transport which is quite difficult for them; 3) the tendency for recipients to collect the funds on the first day of distribution resulted in long queues; and 4) the lack of clarity on operational funds became the reason for not undertaking mobile services or the provision of additional service posts in several regions.

The appointment of PT Pos Indonesia as the distribution agent for SLT funds was assessed as appropriate by many because of their broad experience in servicing community funds transfers, their offices are located in most *kecamatan*, and considered relatively free of corruption. In several regions whose distribution process ran smoothly, the post office did the following: 1) determined the schedule of distribution that was well publicized; 2) coordinated with local authorities; and 3) added posts or payment counters, or became more pro-active for districts that are relatively far away.

In general, recipients collected the SLT funds directly, with the exception of the elderly and the sick. Most recipients collected the funds by presenting only the KKB. Some districts also required the presentation of identification cards (KTP) that recipients did not always have. This condition was exploited by some village authorities to demand payment for preparing more expensive identification.

Recipients obtained the full amount of Rp300,000 in funds from the post office. Levies were applied at the community level, both voluntary and not, including for village authorities, enumerators, RT heads or other poor households who were not SLT recipients. In general, recipients used the funds for consumption needs, with only a small part used to pay off debt, the cost of medical treatment, schoolchildren's needs, additional capital or saved.

The emergence of various problems of targeting and distribution was associated with the weakness of the socialization program. This deficiency occurred at all stages of the implementation, starting from the data collection to the complaint mechanism. It could be said that the socialization to the communities essentially did not take place. Meanwhile, although the socialization for a series of local government authorities was undertaken, it was rather late and the information was only on the data collection plan. This was made worse by the unavailability of comprehensive program operational guidelines at the local government level. In fact, several documents from the central government that are related to SLT program and that could actually provide the legal basis for local government (such as *Inpres*, SK Menko Kesra and SK Mendagri) were late in arriving or, in fact, were not received at all.

The minimal socialization during the data collection phase could have reduced the appearance of the moral hazard in determining the target. Nevertheless, the lack of a comprehensive socialization effort gave rise to misperceptions and social jealousy.

Institutionally, in the region no-one felt responsible for conducting the socialization program. Meanwhile, the Minister for Communications and Information, as the party responsible for national socialization, only conducted this through the print and electronic media which could only be accessed by certain groups. The dissemination of brochures on the criteria for poor households, apart from arriving late (21 November 2005), was limited and less than informative for the general community.

In addition, institutions that handle complaints and program monitoring were also not operating in all districts, although the ministerial decrees of the Minister for Home Affairs (No. 541/2475/SJ) and the Coordinating Minister for People's Welfare (No. B.244/Menko/Kesra/IX/2005) for complaints and monitoring were found. SLT *poskos* were only found in Demak and Ternate and that was also only at the *kabupaten/kota* level. Information on the existence of *poskos* and the available complaint mechanism was also not widely disseminated to the community so there were variations in the complaints channel.

Mistargeting that was worsened by an inadequate socialization program, especially on the target criteria and program objectives, triggered the emergence of community dissatisfaction. Community dissatisfaction was expressed in various forms, starting from complaints, protests or demonstrations, making threats to vandalism. Complaints in the form of protest actions and threats were usually handled by the village head assisted by security/police authorities. In several regions, the *kabupaten/kota* and *kecamatan* authorities as well as BPS also intervened. Protest actions and threats can be stifled by: 1) the opening of supplementary registrations for those who felt they had an entitlement; 2) the willingness of SLT recipients to share some of the funds with other poor households; and 3) officials who promise that supplementary registrations will receive the SLT in the following phase.

In general, the coordination and communication on the implementation of the SLT was considered weak. This was indicated from: 1) documents from the central government on the SLT were late or, in fact, were not received by the local government; 2) data collection on poor households was conducted before *Inpres* No. 12 of 2005 was issued; 3) the coordinating meeting at the ministerial level within the

Coordinating Ministry of People's Welfare (16 September 2005) imprecisely interpreted this *Inpres*, namely the duty of the Ministry of Home Affairs which was initially as the coordinator of implementation and supervision but was later shifted into supervision and complaint handling. For that reason, one of the functions of the local government as the instrument of the Ministry of Home Affairs to coordinate the SLT implementation was not carried out and local government felt they were not officially involved in the implementation of the SLT program. The local government also questioned the commitment of central government to the implementation of political decentralization and regional autonomy because the SLT is centralized and implemented by institutions that are also centralized (BPS and PT Pos Indonesia).

The non-transparent nature of the data collection process and the determination of SLT recipients were felt to be in contradiction with the democratization process that is still underway. In this regard, there was a conflict between the law that prevents BPS from publicizing respondents' identities (Law No. 16 of 1997 on statistics) with the democratic need to consult with the local public on intended SLT recipients. When the results of the data collection on poor households gave rise to socio-political unrest, the central government seriously asked local governments to take "security" steps, including through the formation of complaints *poskos*. In this regard, local government was put in the position of being a trouble-shooter.

The limited bureaucracy of the administration of the SLT Program, which was entrusted entirely to BPS and the post office, was the key to the program's efficiency. The problem that then arose was more the result of these two program implementers being agencies whose employees normally work by applying a technical approach, while poverty is a problem that contains social, economic, and political dimensions and requires a comprehensive approach.

The FGD results show that the level of recipient satisfaction with the implementation of the SLT was, in general, highest compared to the satisfaction level of village and *kabupaten/kota* authorities/figures. This is understandable because recipients are the group that benefits from the program. Both recipients as well as authorities at the village and *kabupaten/kota* level assessed the socialization to be the least satisfying aspect. Meanwhile, the method of funding disbursement and distribution of KKB cards was the most satisfying aspect. The results of in-depth interviews of non-recipient households also show a level of satisfaction that is not very different.

There were differences in the evaluation of the SLT as a program. Some authorities were in less agreement because they considered it to be a "*program that only provided a fish rather than a fishhook*". Some other authorities agree as long as there is no mistargetting in its implementation. Meanwhile the recipient community feels assisted by the SLT and they believe the program does not negatively impact their work ethic.

Against the background of these findings, the following are several policy suggestions for the conduct of funding disbursement in the following stages:

1. BPS and the post office continue as the main SLT managers in the field. It is suggested that these two institutions, in addition to being responsible to their

superior agencies, also have responsibility or report their activities to the *bupati*/mayor in each of their working districts.

2. The Ministry of Home Affairs needs to assign *kabupaten/kota* governments to coordinate all administration and supervision activities for the SLT in accordance with *Inpres* No.12 of 2005. In undertaking this duty, the local government should immediately establish an integrated *posko* at all levels of government (*kabupaten/kota*, *kecamatan* and village) that involves BPS, the post office and the police.
3. The duty of local government should be implemented within the framework of the routine activities of regional government administration. The operational costs of implementation should be borne by the APBD, especially for poor regions which should be provided via special allocation funds (DAK).
4. It should be clearly determined whether the concept of poor family or poor household will be used. At the least, in the same district, a uniform concept should be used.
5. KKB cards for households that are not suitable recipients have to be immediately cancelled by the *posko*. For households that refuse their cancellation, their funds can be blocked by the post office.
6. Cancelled KKB cards should be immediately delivered to the *kabupaten/kota* BPS and the post office should be informed in order to avoid funding misuse by people who have no entitlement.
7. The *posko* should immediately undertake verification and research of supplementary household recipients. The verification and research should be done from house to house. If there is insufficient time, this can be done via a community consultation (*musyawarah*) at the village level.
8. The distribution of KKB cards to supplementary household recipients by the *posko* has to be in accordance with the KKB distribution guidelines from BPS.
9. The names of SLT household recipients, including the results of the supplementary data collection, need to be published in public places at the SLS level. In the matter of validating the accuracy of targeting, the community should be given the opportunity to submit their objections to the closest *posko* within a certain timeframe.
10. To improve the system of coordination and communication, the central government has to ensure that all documents that it issues are received by each *kabupaten/kota* government administration.
11. The central government has to support the implementation of program socialization for the community using various channels, namely regional government, various print and electronic media, the distribution and widespread circulation of more informative and communicative brochures. The socialization material should especially emphasize the program aims, criteria for program recipients, and the availability and function of coordinating posts.

12. The post office needs to prepare a complete and clear schedule for the funding allocation for each village as well as broadly disseminate the information.
13. The post office needs to be flexible in distributing the funds, for example by providing mobile posts or opening service posts at the village level.
14. Consideration needs to be given to the requirement for identification such as a KTP when funds are dispersed with the aim of minimizing funding digressions. This needs to be supported by a policy on the production of identity cards (KTP) that is easy, cheap or free.
15. There needs to be clear law enforcement of every form of program violation, such as the falsification of information and levies on recipients. The issuing of sanctions and their notification will have the effect of dissuading the community and other authorities from committing such violations.

I. INTRODUCTION

In the context of reducing the oil (BBM) subsidy, on 1 October 2005, the Government of Indonesia increased the price of BBM. The level of this increase was high compared with previous price increases, on the order of 87.5% for petrol, 104.8% for diesel and 185.7% for kerosene. This decision was based on the following conditions: 1) a sharp jump in the world price of oil, resulting in increasingly large provisions of subsidy funds that were having an increasing burden on the budget, 2) subsidies have, until now, tended to favor the middle and upper class of society (particularly on kerosene, see, for example, Sumarto and Suryahadi, 2001); and 3) the large price difference between the domestic and international price triggered the smuggling of oil out of Indonesia.

The BBM price rise added more burden to people's lives. They not only face the price rise for BBM, but also a sequence of rises in various goods and services that followed. The price rise had a direct impact on the declining purchasing power of most of the community, especially poor households. To ease this burden, the government issued *Inpres* No. 12 of 2005 on the implementation of Direct Cash Transfer (SLT)² to poor households. A poor household is defined as a household that has a per capita monthly income of Rp175,000 or less. They are identified by BPS by using a proxy-means testing methodology.

This assistance program was planned within the framework of compensation for reduced BBM subsidies. For this purpose, the government set aside compensation funds for approximately 15.5 million poor households/families. Each poor household/family received Rp100,000/month provided quarterly. For the first phase of the SLT disbursement that was conducted on 1 October 2005, the government set aside funding of Rp4.6trillion. The disbursement of SLT funds to poor households/families was undertaken by PT Pos Indonesia through their branches across Indonesia.

Learning from past experience, the disbursement of BBM subsidy compensation funds always faces a variety of problems. Moreover, the SLT program was set up in a short timeframe (approximately three months) under the pressure of continuing jumps in the price of BBM on the international market. For that reason, there needs to be early monitoring and evaluation of its implementation in order to look for a solution to various obstacles and technical weaknesses in the field. In that regard, the SMERU Research Institute with the support of World Bank funding, undertook a rapid appraisal of the implementation of the SLT program between 22 November and 3 December 2005. This appraisal was conducted in five *kabupaten/kota* that were purposively selected, namely Kabupaten Cianjur (West Java), Kabupaten Demak (Central Java), Kabupaten Tapanuli Tengah (North Sumatra), Kabupaten Bima (NTB), and Kota Ternate (North Maluku).

²Several documents and publications refer to it as Cash Transfer Assistance (BLT).

II. RESEARCH OBJECTIVES

This research was intended to obtain an actual picture of the implementation of the first tranche of the SLT disbursement in order to draw the lessons learned that can serve as input for improving the disbursement in the following tranches and for planning similar programs in the future. This research is specifically aimed at ascertaining:

- The determination mechanism of poor SLT recipient households that includes institutions involved in data collection, the criteria used, implementation of data collection, checking of data validity, and the influence of local figures in the identification of poor households.
- The implementation of SLT policy that encompasses program socialization, distribution of KKB cards, SLT distribution mechanism, accuracy of the total funds received and their uses by poor households and complaint handling and supervision.
- Preliminary indications of the impact of the program on the poverty reduction effort and the level of community satisfaction on the SLT program.

III. RESEARCH METHODOLOGY

3.1. Rationale for Selecting Research Sample Location

The smoothness of the implementation of the first tranche of SLT disbursement in various districts in Indonesia varies. Based on information from various mass media outlets and BPS internal reports, districts were found that are relatively problem-free or conducive, and vice versa, there are also districts that were found to be relatively problematic or unconducive in respect to the amount of social disturbance, protest actions, and anarchistic actions from some in the community against the implementation of the SLT. To capture the variation in information on the SLT implementation, SMERU visited five *kabupaten/kota* that are representative of these two conditions, as well as covering a number of dispersed locations, providing SMERU a research area that can generate baseline data on poor households as a standard for comparison. Kota Ternate, Kabupaten Tapanuli Tengah, and Kabupaten Cianjur were chosen because they are categorized as conducive districts. Meanwhile Kabupaten Bima and Kabupaten Demak were chosen because they include districts that are not conducive.

Whether a *kabupaten/kota* is conducive or not does not always reflect the same condition in the whole area of this *kabupaten/kota*. In *kabupaten/kota* that were evaluated as conducive, there were still parts that were not conducive and vice versa. Because of that, in each sample *kabupaten/kota*, two villages were chosen that each represent a conducive or unconducive area. In total, there were five conducive villages and five that were not conducive (details can be seen in Table 3.1). From each sample village, two hamlets/*kampung*/street/RW, and two to four RT were determined on the basis of the number and level of concentration of SLT program recipients.

Early in the determination of sample *kabupaten/kota*, SMERU was informed that Cianjur was a conducive SLT implementation area. Information on the presence of community disturbances was obtained in the lead-up to the field visit. However, because contact had already been made with various local institutions and in Cianjur there were areas that were still found to be conducive, Kabupaten Cianjur was still chosen as a sample district. The village of Cibulakan in this *kabupaten* was chosen as representative of a conducive village, and at the same time is a research site for SMERU's Community Based Monitoring System (CBMS). Meanwhile, the village of Giri Mulya was chosen because there is a relatively high level of community turbulence, such as demonstrations at the village office and threats to the safety of village officials and enumerators.

Table 3.1. SMERU's SLT Research Area

Province	Kabupaten/Kota	Kecamatan	Village
North Sumatra	Kab. Tapanuli Tengah	Sibabangun Sorkam	Mombang Boru**) Pearaja*)
West Java	Kab. Cianjur	Cugenang Cibeber	Cibulakan **) Giri Mulya*)
Central Java	Kab. Demak*)	Wedung Karang Tengah	Berahan Wetan*) Wonoagung
West Nusa Tenggara	Kab. Bima*)	Monta Wera	Simpasai*) Nunggi**)
North Maluku	Kota Ternate	Ternate Selatan Ternate Selatan	Kampung Pisang**) Fitu*)

Note: *) District that is less/not conducive.

**) SMERU research location.

It appears that the conflict that occurred in Kota Ternate did not have an impact on the implementation of the SLT program. The program ran relatively smoothly and only a few minor problems were found. The villages of Kampung Pisang and Fitu were chosen in Ternate. Although these two locations are located in the same *kecamatan*, namely South Ternate, each, in fact, represents interesting criteria. In Kampung Pisang, that was also a location for the SMERU study *Moving out of Poverty – MOoP*, and is located in the city center, there was concern that there could be disturbances because it is the urban village worst affected by the previous conflict. This was not proven, however, as the SLT ran safely and smoothly. Meanwhile, in Fitu, located relatively far from Kota Ternate, the greatest community disturbance for the size of Kota Ternate occurred in the form of the stoning of the village office. In addition, the number of supplementary registrations from this location was high compared with other urban sites.

3.2. Number and Type of Respondents

Information was collected from respondents and key informants who were involved in, or were interested in the implementation of the SLT, starting from the *kabupaten/kota*, *kecamatan*, village level, and down to the community. At the *kabupaten/kota* level, respondents visited included of BPS, post office, and local government officials involved in the program, such as those from the social prosperity sections, assistants or regional secretaries, Bappeda, BKKBN, local media and NGOs. Respondents at the *kecamatan* level were BPS officials who were statistics assistants (*mantis*) or coordinators (KSK), post office workers and the sub-district head (*camat*). Meanwhile, at the village and community level, village heads, enumerators, RW/RT/hamlet heads, recipient households and poor households that did not receive the SLT were met (see Table 3.2).

There was a minimum of 18 recipient households and six non-recipient households in each *kabupaten/kota*. In total, there were 93 recipient households and 37 non-recipient households interviewed in the five research sites.

The methodology that was used in this research was a qualitative methodology that was complemented by a quantitative analysis of secondary data. The choice of research location from the *kabupaten/kota* level down to the village was purposively selected based on information from the mass media, BPS and other associated agencies. The choice of SLT recipient household respondents was determined randomly from a list of recipient households in the smallest local area units (SLS), like the RT or hamlet. Meanwhile, non-recipient household respondents were purposively selected based on information from the hamlet/RW/RT head, namely non-recipient households that re-registered as SLT recipients or were assessed as the poorest.

Data was collected in the form of primary and secondary data. Secondary data was collected from implementing agencies, including 1) data on the number of SLT recipients (Target and Realization); 2) data on the number of poor families in each *kabupaten* (BKKBN and BPS); 3) data on the number of supplementary SLT registered households; 4) household welfare data based on the results of SMERU's Community-Based Monitoring System 5) several regulations that provide the basis for the implementation of the program, including *Inpres*, decrees of the Minister for Home Affairs (*Mendagri*), Coordinating Minister for People's Welfare (*Menko Kesra*) and district heads (*Bupati*). Meanwhile, the primary data was obtained through in-depth interviews of all respondents and key informants by the use of a question manual. In addition, the gathering of information was also undertaken through focus group discussions (FGD) for community leaders/authorities at the *kabupaten/kota* and village level, as well as SLT recipient households. Each FGD had six to ten participants.

Table 3.2. Type and Number of Respondents in SMERU's SLT Study

Level	Respondent	Total
1. <i>Kabupaten/kota</i>	1. BPS	5
	2. Post Office	5
	3. Pemda (Social Affairs Section, <i>Sekda/Asda</i>) and/or Bappeda	8
	4. BKKBN	5
	5. Local Media	5
	6. NGO	5
2. <i>Kecamatan</i>	1. BPS/ <i>Mantis</i>	9
	2. Post Office	7
	3. <i>Camat</i> (Sub-district head)	9
3. Village	1. Village Head	10
	2. Enumerator/Assistant enumerator	15
	3. RW/Hamlet Head	11
	4. RT Head	19
	5. SLT Recipient Households	93
	6. Poor Non-recipient Households	37

FGDs at the *kabupaten* level and with village figures also involved a number of elements. FGDs at the *kabupaten/kota* level were attended by representatives of BPS, post office, local government, Bappeda, BKKBN, local media, NGOs and higher education institutions. Meanwhile, the FGDs with village officials were attended by

village staff, RT/RW/hamlet/area heads, enumerators, religious figures and community figures. FGDs were conducted five times in each *kabupaten/kota*, once at the *kabupaten/kota* level, twice at the village level and twice at the community level. In total, SMERU conducted five FGDs with *kabupaten/kota* officials, ten FGDs with village authorities and 12 FGDs with SLT recipient households.

3.3. Research Schedule

In total, this research activity took two and a half months. The research preparation started in early November 2005, in the form of a proposal preparation, preparation of credentials, letter of appointment, field researcher contacts, discussion of research method and intensification of the material (program and research). Field work was conducted over ten to 12 days, between 22 November and 3 December. The main findings, including program recommendations, as well as the draft report were finalized in mid-December. The final report was completed in mid-January 2006 after being supplemented by input from the workshop that was held in the same month.

Table 3.3. SLT Research Schedule

Activity	November 05				December 05				January 06	
	1	2	3	4	1	2	3	4	1	2
Preparation										
Field Study										
Data Processing										
Main Findings										
Draft Report										
Workshop										
Final Report										

3.4. Number and Membership of the Research Team

A total of 11 SMERU researchers were directly involved in this research, consisting of one adviser, Dr. Sudarno Sumarto, and 10 researchers, Hastuti, Syaikhu Usman, Bambang Sulaksono, Nina Toyamah, Sri Budiayati, Wenefrida Dwi Widyanti, Meuthia Rosfadhila, Hariyanti Sadaly, Sufiet Erlita and R. Justin Sodo. The ten researchers were divided into five teams that each had responsibility for undertaking the research in one *kabupaten/kota*.

In addition, each team was assisted by a local researcher from a list consisting of Basyri Nasution, Erwin Romulas, G. Kelik Agus E., Bakri, Syahbudin Hadid, and Abdul Kadir Kamaluddin. Because of this, one team consisted of two SMERU researchers and one local researcher. SMERU also included Sami Bazzi, a guest researcher to provide input to the field report.

IV. FINDINGS

4.1. Targeting

Micro poverty data was necessary for the determination of the target of an intervention program at the household or family level. The data collection on poor families/households at the national level for the targeting of SLT recipients is known as Socio-economic Data Collection on the Population 2005 (*Pendataan Sosial Ekonomi Penduduk 2005: PSE05*).

4.1.1. Data Collection Process

BPS was the institution responsible for implementing the data collection on these poor families/households. In each *kecamatan*, BPS placed a *kecamatan* statistics coordinator (KSK) who was assisted by an assistant (PKSK). Most KSK are *mantis* and some others were staff of the *kabupaten/kota* BPS that were appointed because not all *kecamatan* have a *mantis*. On the other hand, PKSK usually come from the local *kecamatan* staff who are recruited for one month by BPS, but there are also some from the staff of BPS itself.

In the conduct of the data collection, because of the limitation of time and personnel, as well as referring to the documentation of Mendagri,³ BPS included the village administration authorities and BPS associates as enumerators (PCL). Enumerators worked under the coordination of KSK and PKSK.

Selection and training of enumerators

The selection mechanism for enumerators was given to each *kabupaten/kota* BPS and was one of the responsibilities of the KSK. In general, the KSK requested the opinion of the village head in determining the enumerator in their area. In the majority of sample regions, the recruitment process for enumerators was undertaken via appointment by the village head to his staff. KSK only provided criteria that the appointed enumerator should have experience in census taking, while education was not specified as a strict condition. Meanwhile, in Tapanuli Tengah and in most *kecamatan* in Demak, KSK had more of a role in determining the enumerators. With the facilitation of *kecamatan* and village officials, the KSK appointed associates of BPS who have had experience in data processing. In almost all the sample regions, most enumerators have a minimum level of education of senior high school, except in Cianjur where most were primary school graduates and in Tapanuli Tengah where most were junior high school graduates.

³Directive of the Minister for Home Affairs No. 413.3/1941/SJ on Data Collection on the Poor Population of Indonesia, 1 August 2005.

The number of enumerators per village and the scope of their responsibility varied between districts. In Ternate, Cianjur, and Demak, the responsibility of an enumerator was based on the number of the smallest SLS⁴ or RT, which had 3-4 RT, 7-8 RT, and 8-9 RT respectively. Meanwhile, in Bima and Tapanuli Tengah, the number of enumerators was not based on SLS, and each village was handled by two enumerators.

Before carrying out their duties, KSK undertook training by national instructors (BPS Central Office) that was conducted at the provincial level for two days. Following the training, the KSK became the regional instructor for providing the training to enumerators in their respective work areas. The training material for enumerators included: data collection phases, how to fill forms and questionnaires as well as knowledge on the standard concepts needed in the data collection exercise.

The training method for enumerators varied. In Ternate, apart from the delivery of theoretical material, test pilot interviews were also conducted with several of the nearest RT heads who were invited to the training location. In Tapanuli Tengah, enumerators were invited into the field and given a direct picture of poor households. These methods provided a positive contribution to the data collection activity.

In addition, in the training, enumerators were instructed on the ethics associated with their duties and responsibilities. In Tapanuli Tengah, it was emphasized that when registering poor households, any feelings of personal like or dislike for the household, resentment, or whether the household should or should not be registered, should be avoided. In Ternate, all officials were ordered to truly conduct the data collection and to follow the established regulations with devoutness. These special messages also appear to have had a positive impact on the performance of the enumerators.

The training of enumerators was, in general, conducted in 1 day. According to the regulation, the training of enumerators was scheduled for 1–14 August 2005. The training was, however, implemented in accordance with the conditions in each district. In Cianjur and Ternate, the training was undertaken in accordance with the time determined, while in other areas, it was later than scheduled, for example, in Kecamatan Karangtengah, Demak it was conducted between 18-19 August 2005.

The conduct of the data collection

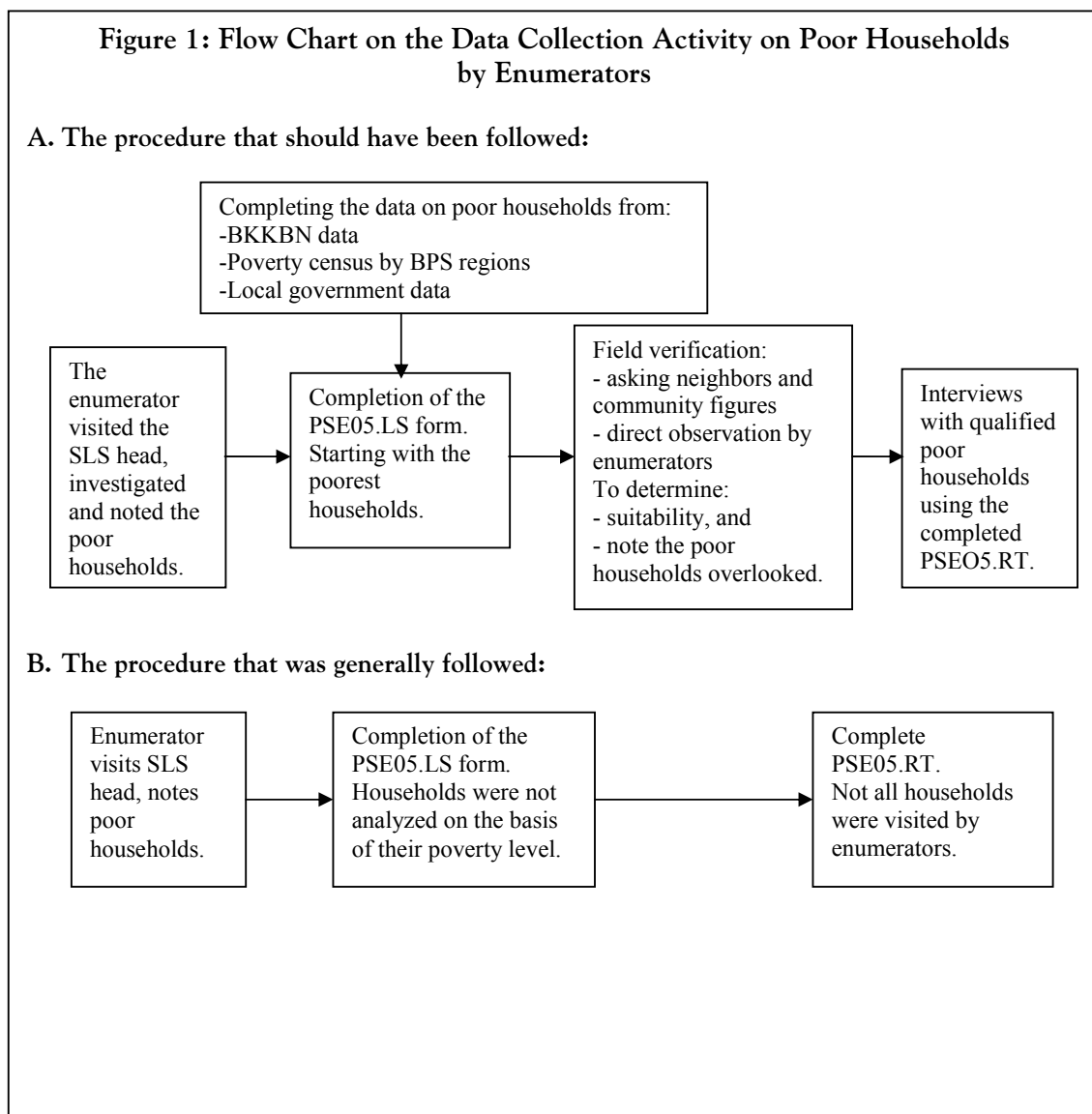
Officially, BPS determined that the data collection would be conducted from 15 August–15 September 2005. In its implementation, data collection was conducted after the enumerators received the training.

In almost all sample *kabupaten/kota*, the implementation phases of the data collection on poor families/households did not entirely follow the flow-chart that had been determined for enumerators (see Figure 1). After obtaining the list of poor households from the SLS head, the enumerator should have used or considered the existence of other data sources as the reference for completing the list of poor households in the PSE05.LS form. Subsequently, enumerators undertook field verification to determine

⁴The smallest SLS is the basis for the working area of the data collection. The smallest SLS in most districts is the Rukun Tetangga (RT), while in some other districts it is the street or hamlet.

the suitability or otherwise of registered households as well as adding poor households that were not yet registered. Afterwards, the enumerator had to approach each poor household to register them in the PSE05.RT. In practice, after obtaining the list of poor households from the SLS head, the enumerator usually conducted the data collection on poor households immediately with the PSE05.RT list.

Indeed, in general, the enumerators commenced the process of capturing poor households by asking the SLS head (RT or hamlet) to prepare a list of families/households believed to be poor according to the concept given during the training, namely those who are very much in need of assistance to fulfill their essential needs (food, education/schooling, and health). However, most enumerators in almost all sample regions did not consider the presence of other sources of data in completing the PSE05.LS form.



In the registration process for poor households using the PSE05.LS form, obstacles and problems, both general and case-by-case in nature, arose:

- A variety of understandings on poverty. In Bima, the concept of poverty was classified into three categories: very poor for those who experience food problems, poor for those experiencing problems in accessing health services and almost poor for those experiencing problems in access to education. In some regions there was a tendency to include widows in the register of poor households although some of them live with their reasonably well-off children.
- The smallest unit that was used as the target was still unclear, being a household or family. As a consequence, there were poor families who live under the responsibility of other families that were registered, and vice versa, there were also poor families who are not registered because in their household there were other poor families who were already registered.
- The subjectivity of enumerators and SLS heads. They tended to include people living close to them first without considering their poverty condition. Cases like this were found, among other places, in Desa Berahan Wetan, Demak that was followed by a demand from the community for the dismissal of the enumerator from his job as a teacher.
- The enumerators themselves made the list of households that were considered poor (PSE05.LS) without consulting with the SLS head (RT). Cases like this were found in Demak⁵ and Ternate, among others. In Ternate, because the enumerator failed to meet with the head of the RT, the PSE05.LS list was filled on the basis of the register of *raskin* (rice for the poor) recipients, in addition to information that the enumerator already knew.
- In Tapanuli Tengah, there were enumerators who came directly to poor households to complete the PSE05.RT list first of all, then filled in the PSE05.LS form.
- Most officials did not register households based on the order of their poverty condition or by, at least, grouping them as poorest, poor, and almost poor.
- There were indications of a quota of registered households down to the smallest SLS (RT). In Demak, one KSK requested that households registered in each SLS be limited to no more than 30%, in Cianjur it varied between 30%-50%, while in Bima there was a maximum quota of 50% of all households, each SLS was only provided with 25 PSE05.RT forms. In Tapanuli Tengah, indications of a quota were seen from the number of PSE05.RT forms that were distributed. Meanwhile in Ternate, the SLS heads and enumerators did not feel that there was a quota because they could register any number of households and the additional PSE05.RT forms they requested were provided.

⁵It appears that the institutional structure of the RT in this district was not well-known by the community, as seen from the number of people who did not know the name of the head of their RT and did not know the specific number of the RT/RW where they lived.

- There were households that were not included or were deleted from the PSE05.LS list because there were the same registration limitations for all SLS without considering the proportion of poverty in each area. Because this list, in general, was not put together on the basis of poverty conditions and deletions tended to be done on the lowest sequence, there were concerns that poor households or, in fact, those that are very poor, were deleted. This concern was strengthened by the fact there were still households classified as poor but not registered.

The field verification phase, especially via direct observation was not always undertaken by enumerators, with the exception of Ternate. The neglect of this phase by most enumerators appears to be not entirely their fault. When examining the contents of the field administration manual that became the guide for KSK/PKSK and enumerators, it appears that the verification stage was not included. The enumerators, in general, immediately undertook the census with the PSE05.RT questionnaire in every household in the PSE05.LS list.

If the field verification or personal observation was well and correctly undertaken, there would certainly be a probability that several households in the PSE05.LS were deleted when the relevant party was deemed unsuitable as a poor household and, furthermore, did not need to be enumerated with the household questionnaire. The absence of verification is supported by data in Table 4.1 that shows that in Tapanuli Tengah, Cianjur, Demak, and Bima, the number of registered households was the same as the number of enumerated households.

The difference in the number of registered households with the number of enumerated ones only occurred in Ternate, in the amount of 725 households. This shows that there were attempts by enumerators to check first, so all households that were submitted by the SLS head were not immediately considered suitable and enumerated.

Table 4.1. Number of Poor Households that were Processed and Received KKB Cards in Sample Kabupaten/Kota

Sample Kabupaten/Kota	Registered Households (PSE05.LS)	Households Encoded (PSE05.RT)	KKB Cards Received	
			Number	%
1. Tapanuli Tengah	23,627	23,627	23,538	99.6
2. Cianjur	181,051	181,051	179,939	99.4
3. Demak	102,804	102,804	99,217	96.5
4. Bima	43,621	43,621	43,641	100.0
5. Ternate*)	4,657	3,932	3,932	100.0

Note:*) Only households listed in the *Listing Census* form, not including households that occupy special districts (LSK) such as refugees, that are not the SLT target.

During the household census phase (the completion of the PSE05.RT), with the exception of Ternate and Tapanuli Tengah, most enumerators confess to not always approaching and directly interviewing registered households (PSE05.LS). The reason being that the enumerator already knew the household condition well or had information from previous data collections, such as the Voters' Registration (*Pendaftaran Pemilih*) and the Sustainable Population Data Collection System

(*Pendataan Penduduk Berkelanjutan: P4B*) in 2003. The non-attendance of enumerators in every household on whom data was collected was supported by 36.6% of the 93 household respondents who admitted that they were not approached by an enumerator. In addition, approximately 47.5% of the 59 households visited by enumerators admit that the enumerator only asked some of the questions in the PSE05.RT.

From a procedural perspective, the non-attendance of enumerators at households that were enumerated was a mistake that contributed to the level of errors in data collection, especially those that were non-technical in nature. However, given the time constraint and the fact that enumerators were already well-acquainted with their area of operation, this appears understandable for many stakeholders, including BPS, and so there were no sanctions for this neglect. It also appears that BPS did not tightly supervise the conduct of this data collection.

Completed PSE05.RT forms were collected by the KSK and submitted to the *kabupaten/kota* BPS for data entry. In several districts, some data-entry activities were undertaken in the provincial BPS office. The data-entry process for census results had already commenced when the field census activity was still ongoing.

At the time of the document gathering, the KSK should have checked the completion of the PSE05.RT, at least for one of the first SLS. The assumption being that if the completion of one set of documents was correct, there was a high probability that the results of the completion of the ensuing documents would not be significantly different. However, once again because of the time constraint, according to one enumerator, the KSK did not conduct a check on the document contents, but only checked that the total number of PSE05.RT documents was consistent with the number of households registered in the PSE05.LS. Because of this, several mistakes were encountered, such as several parts of the form being skipped, inconsistency between the contents of the left column with the validation of the contents in the right column.

The data entry results at the *kabupaten/kota* and provincial BPS were sent to the BPS central office for poverty score enumeration. After determining the number and name of poor recipient households, the data was sent to PT Pos Indonesia for the production of identity cards for poor households that are known as BBM compensation cards (*Kartu Kompensasi BBM: KKB*).

The weakness of poverty variables

Apart from the data collection procedure, the instruments or variables that were used to identify poor families/households also received a lot of attention. Many stakeholders, even in community circles, considered the variables used to determine the poverty criteria to be insensitive to the entire socio-economic condition of households. For that reason, from in-depth interviews and discussions that were conducted, many regret that variables such as income, house ownership as well as land ownership and size were not included. In addition, most of the people also hold the opinion that poverty is relative, meaning poverty in one district does not determine poverty in other districts, so local poverty variables should also be considered.

The choices of answers for each variable were considered to have caused confusion in completion. As an example, the variable on type of floor only provided two options, namely a low-quality dirt/bamboo/wood floor and a high-quality cement/ceramic/wooden floor. In reality, a lot of houses with low-quality cement floors were found, so the enumerator had difficulty in classifying the choice of answer. The same example is on the variable on type of wall. The answer for main source of lighting that only provided a choice between electric and non-electric lighting without differentiating whether the electricity meter used was the household's own or shared (*nyambung*), was also considered less sensitive because in reality there are still many households that share electricity with a very limited allocation of power.

4.1.2. Targeting accuracy

To look at the level of accuracy of the SLT program target, a qualitative and quantitative approach was taken. Qualitatively, the observations of the SMERU team as well as answers from most respondents showed that there was a relatively low level of mistargeting. This is indicated from the existence of non-poor households that became SLT recipients (leakage) and poor households that have not yet been recipients (undercoverage), but the total number is not large.

The quantitative approach that was conducted via a variety of analyses also showed the presence of mistargeting with a prevalence that varied between the various types of analysis.

Correlation analysis: the population of the poor resulting from the BPS 2000 or SMERU poverty mapping with the number of KKB recipients⁶

The correlation analysis at the *kecamatan* level between the poor population from the BPS and SMERU poverty mapping in 2000 with the number of KKB recipient households in the five research locations shows a level of closeness that is relatively high (65.8%) and significant. In each *kabupaten/kota*, the level of correlation varies with the lowest range in Cianjur (47.9%) and highest in Ternate (96.3%). Based on the poverty rank with the *Spearman rank correlation*, in most study locations there is a higher correlation level and a significant value, except for Kabupaten Bima (see Table 4.2). It was found that the geographic targeting allocation of the SLT program at the *kecamatan* level was quite good, meaning the regions with a higher number of poor also obtained relatively more KKB cards.

⁶The number of KKB recipients that was used in the whole quantitative analysis was the phase I KKB recipients that have not yet been verified. In addition, the *kecamatan* that were used were those prevailing in 2000, so *kecamatan* that have undergone administrative separation have been re-grouped to be consistent with the basis of the data.

Table 4.2. Spearman Rank-Order Correlation and Correlation Co-efficient of the Poor Population at the *Kecamatan* Level from BPS Poverty Map 2000 with the Number of KKB Recipient Households 2005

<i>Kabupaten/Kota</i>	Correlation Co-efficient	Spearman Rank-Order Correlation	Number of Observations (N)
Tapanuli Tengah	0,9130 **	0,9286 **	8
Cianjur	0,4788 *	0,5322 **	24
Demak	0,7649 **	0,7253 **	13
Bima	0,6091	0,4333	9
Kota Ternate ¹⁾	0,9631	1,0000 **	3
Total (whole sample)	0,6577 **	0,7108 **	57

Note: **) Significant at the level of 1%.

*) Significant at the level of 5%.

¹⁾ Using the poverty rate from SMERU Poverty Map because it is not available in the BPS Poverty Map.

Benefit incidence analysis: the Demak case

The targeting accuracy at the household level shows varying results, even within the same *kabupaten/kota*. As an illustration, a simple benefit incidence analysis was undertaken by using as a data base the results of the CBMS⁷ research that was undertaken by SMERU with data on KKB recipients for the villages of Jungpasir and Kedondong, Demak.

From Table 4.3, part a, it can be seen that the 'poor' and 'almost poor' groups (Q1 and Q2) only received 54.7% of all KKB cards received by Desa Jungpasir. This means a mistargeting rate of approximately 45.3%. This table also shows the existence of undercoverage because only 48.4% of poor households (Q1) and 42.9% of the 'almost poor' (Q2) in this district received KKB cards.

At the same time, Table 4.3, part b, provides an illustration of the distribution of KKB cards for Kelurahan Kedondong with a better level of targeting accuracy than in the Desa Jungpasir. The 'poor' and 'almost poor' groups (Q1 and Q2) received around 65.6% of all KKB cards for this village. This means that a mistargeting rate of around 34.4% was found. From the perspective of coverage, there were suitable households found that were not included because only 74.6% of 'poor' households (Q1) received KKB cards and 45% of 'almost poor' (Q2).

⁷The data collection on all families in the sample village (census methodology) by using 63 variables (demography, education, employment, health, food security, assets, security and political participation) and the weighting for each variable using the PCA (Principal Component Analysis) methodology, until a score is obtained for each family. The score produced is then ranked and grouped into 5 categories (*quintile*) that illustrate the level of prosperity, Q1 illustrates the lowest level of prosperity (very poor category).

Table 4.3. Simple Benefit Incidence Analysis

a. CBMS Baseline Data with KKB Recipients of Year 2005, Desa Jungpasir, Demak

Quintile Based on CBMS Data	Number of KKB Recipients Based on Quintile	% KKB Recipients to Total Households Based on Quintile	Distribution of KKB Recipients Based on Quintile
Q1	123	48.43	29.01
Q2	109	42.91	25.71
Q3	104	40.78	24.53
Q4	67	26.38	15.80
Q5	21	8.24	4.95
	424	33.33	100.00

Note: Total population = 1,272 households. Size of quintile = 254 - 255 households.

b. CBMS Baseline Data with KKB Recipients of Year 2005, Kelurahan Kedondong, Demak

Quintile Based on CBMS Data	Number of KKB Recipients Based on Quintile	% KKB Recipients to Total Households Based on Quintile	Distribution of KKB Recipients Based on Quintile
Q1	205	74.55	42.01
Q2	125	44.96	25.61
Q3	78	28.26	15.98
Q4	59	21.30	12.09
Q5	21	7.58	4.30
	488	35.29	100.00

Note: Total population = 1,383 households. Size of quintile = 275 - 278 households.

Analysis of the conformity of the completion of PSE05.RT and the target determination process by BPS and SMERU

In this SLT research, SMERU also repeated the data collection on 93 households by using the PSE05.RT questionnaire (like that conducted by BPS). This was conducted with the aim of looking at the consistency of the census and evaluating the target determination process. Although only based on a limited sample that is not sufficiently representative to completely evaluate the BPS data collection, the following analysis can provide an illustration on the implementation of the census of poor households with the PSE05.RT. The errors that emerged in the enumeration as well as the determination of the suitability or otherwise of families/households as KKB recipients was expected to help provide an illustration of the cause of the mistargeting.

The level of uniformity of the completion of 19 variables (in the form of 14 indicators that were used for the determination of poor households) from 2 enumerations (BPS and SMERU) is presented in Table 4.4. This table shows that the level of inter-variable and district uniformity varies, and in fact overall it is quite high at 78.3%. For several variables, the level of uniformity is relatively low, such as the floor area (40.9%), field of work (50.5%) and the number of household members (53.8%). This is believed to be due to different perceptions in the grouping of business fields⁸ by each

⁸Many notes were found in questionnaires for this question that was followed by choice of category that was not consistent in its contents between one and others. For example farmers, some were classified in rice and inter-crop production (code 1), service (code 8), or other (9).

official as well as the use of a concept of household and family that is not clearly applied.

Table 4.4. Level of Uniformity of the Results of PSE05.RT (by Percentage) from the SMERU Research Team's Supplementary Data Collection

Description	Kabupaten/Kota					
	Tapanuli Tengah	Cianjur	Demak	Bima	Ternate	Total
Number of PSE05. RT Questionnaires of BPS – SMERU	18	20	17	18	20	93
<u>Variable:</u>						
- Number of household members	50.0	55.0	41.2	66.7	55.0	53.8
- Floor area	55.6	55.0	29.4	55.6	10.0	40.9
- Broadest floor area type	50.0	95.0	82.4	100.0	50.0	75.3
- Broadest wall area type	94.4	100.0	100.0	100.0	90.0	96.8
- Toilet facilities	94.4	90.0	100.0	94.4	85.0	92.5
- Source of drinking water	94.4	90.0	88.2	66.7	70.0	81.7
- Main source of lighting	83.3	100.0	100.0	77.8	75.0	87.1
- Type of cooking fuel	94.4	90.0	64.7	94.4	80.0	85.0
- Frequency of meat/chicken/milk purchases per week	94.4	85.0	64.7	94.4	90.0	86.0
- Meal frequency of usual family members per day	44.0	90.0	64.7	44.4	70.0	63.4
- Frequency of new clothes purchases by household members per year	38.9	90.0	47.1	77.8	65.0	64.5
- Access to treatment at a <i>puskesmas</i> or polyclinic for sick family members	66.7	90.0	58.8	88.9	65.0	74.2
- Main field of work of KRT*	55.6	80.0	41.2	61.1	15.0	50.5
- Highest level of education of KRT	61.1	95.0	70.6	83.3	85.0	79.6
- Minimum assets of Rp500,000:						
- Savings	94.4	100.0	100.0	100.0	65.0	91.4
- Gold	77.8	100.0	88.2	100.0	85.0	90.3
- Color TV	100.0	95.0	94.1	100.0	75.0	92.5
- Livestock	55.6	95.0	94.1	94.4	95.0	87.1
- Motor cycle	100.0	100.0	94.1	85.7	85.0	94.6
19 variables in the form of 14 indicators	74.0	89.2	74.9	83.9	68.9	78.3

*) KRT = *kepala rumah tangga* (household head).

The results of the re-enumeration by SMERU were also used to look at the process for the target determination that was conducted by the central office of BPS. By using a different weighting system for every variable in each *kabupaten/kota*, a score was obtained for each household within the range between 0 and 1. Furthermore, for the determination of the suitability of households to receive the SLT, a cut-off point of 0.2 was used for the score that was produced. This means that those that have a score of 0.2 or above were determined to be a poor household. From this estimation, a very high level of accuracy was found, where 92 of the 93 sample households (98.9%), indeed have a score higher than 0.2. Compared with the problems or disturbances that

emerged, however, and observation of the socio-economic condition of the households, this level of targeting accuracy appears to be too high as well as not reflecting the reality in the field.

For that, a sensitivity analysis was conducted by applying a cut-off point that varied from 0.3 to 0.6 to the same data. From this simulation, an estimation result was obtained on the level of targeting accuracy from the SLT recipient household sample for this study that ranged between 98.9% for the cut-off point of 0.3 up to 76.3% for the cut-off point of 0.6. By using the cut-off point of 0.4, several SLT recipient households in the first phase that were evaluated as unsuitable on the basis of direct field observation could be eliminated. From here it can be seen that the determination of the cut-off point has a very important role in the process of target determination. Given that the determination of the score itself is different between *kabupaten/kota*, then the determination of the cut-off point should also differ for each *kabupaten/kota*.

Correlation analysis: the population of the poor from the results of the SMERU or BPS 2000 poverty mapping with the number of supplementary households

The emergence of the demand to undertake a supplementary collection of data for SLT recipients indicates that there was mistargeting. In three sample *kabupaten*, Tapanuli Tengah, Cianjur and Demak, the number of villagers who registered or asked to be re-processed was larger than the number of KKB recipient households in the first phase (see Table 4.5). The supplementary registration, in general, was already undertaken and was in the process of being verified by the local BPS and was expected to be completed by 31 December 2005. In Kota Ternate, in particular, the verification process was already completed.

Table 4.5. Number of KKB Household Recipients and Supplementary Registrations

<i>Kabupaten/Kota</i>	Poor Households	
	KKB Recipients (First Stage)	Supplementary Registrations
Tapanuli Tengah	23,538	26,199
Cianjur	178,798	242,488
Demak	99,217	112,314
Bima	43,639	36,462
Kota Ternate	3,932	1,059 *

Note: *A total of 1,052 supplementary households have been verified and 525 households were deemed suitable recipients of additional cards.

Due to the large number of households that registered in the supplementary data collection, a correlation analysis was also conducted from the number of households in the first phase of SLT recipients and supplementary household registrations with the total number of poor from the BPS poverty map 2000, as presented in Table 4.6. The total correlation level between the level of poverty from the poverty mapping with the number of poor households from PSE05 for the five study areas in Table 4.6 is lower than the correlation in Table 4.2, only around 60.58%, with a pattern that varies for each district. It is also the same for the *Spearman rank correlation*, that fell from around 71% to 69.3%.

Table 4.6. Spearman Rank-Order Correlation and Correlation Co-efficient of the Poor Population at the *Kecamatan* Level from BPS Poverty Mapping 2000 with the Number of Phase 1 SLT Recipients and Supplementary Registrations 2005

<i>Kabupaten/Kota</i>	Correlation Co-efficient	Spearman Rank-Order Correlation	Number of Observations (N)
Tapanuli Tengah	0.7779*	0.8095 *	8
Cianjur	0.4852*	0.5835 **	24
Demak	0.7085**	0.7253 **	13
Bima	0.5308	0.5167	9
Kota Ternate ¹⁾	0.9917	1.0000 **	3
Sample Grand Total	0.6058**	0.6931 **	57

Note: **) Significant at the level of 1%.

*) Significant at the level of 5%.

¹⁾ Uses the poverty rate from SMERU's Poverty Map because it is not available in the BPS Poverty Map.

Apart from Ternate, it was found that the supplementary household registration was less selective and less consistent with the allocation of the number of poor in the same district. The results of the field observation also show that there was a tendency for almost all households that were not yet registered in the first phase to be included in the supplementary data collection, without differentiating whether they were classified as suitable or unsuitable as SLT recipients.

4.2. Funding Distribution

4.2.1. Distribution of KKB Cards

Household recipients of the SLT were given a KKB as an identity card. The KKB card was printed by the Post Office's central office on the basis of data on household program recipients that was obtained from the BPS central office. The KKB consisted of four coupons as proof of the receipt of the funds at every stage of the distribution.

In general, the KKB distribution mechanism from the center to the *kabupaten/kota* was conducted in accordance with procedures. The KKB was made in duplicate, with the original KKB received by the *kabupaten/kota* BPS to be given to the SLT recipients, while the duplicate KKB was received by the post office for the purpose of checking at the time of the funding disbursement.

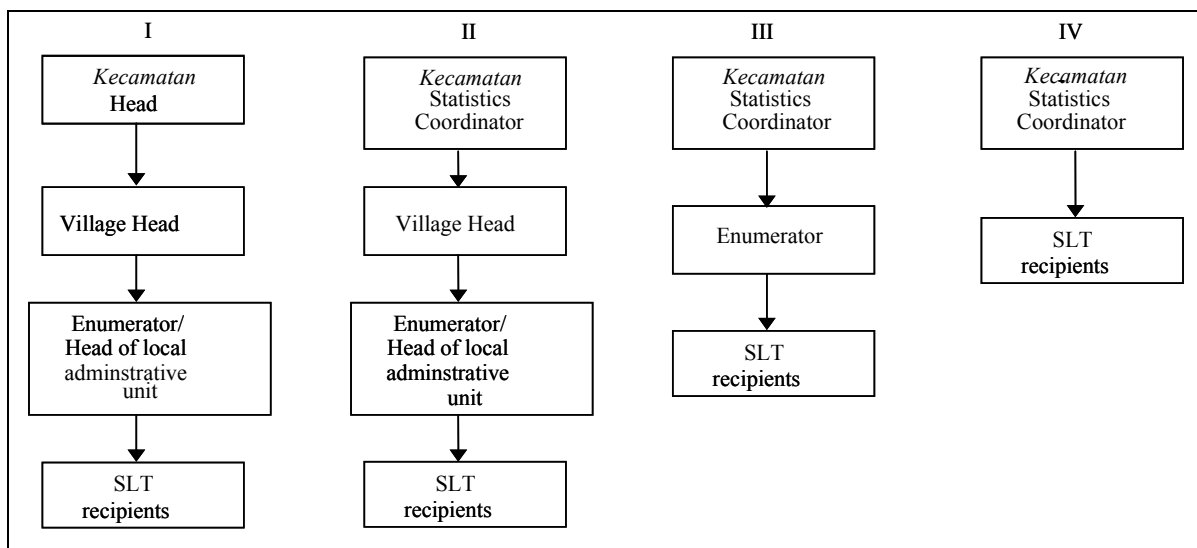
Table 4.7. KKB Distribution Schedule in Sample *Kabupaten/Kota*, 2005

Sample <i>Kabupaten/Kota</i>	Date Received by BPS	Commencement of Distribution	
		To Authorities	To Recipients
1. Tapanuli Tengah	5 and 8 October	10 October	10 October
2. Cianjur	17 October	20 October	20 October
3. Demak	8 October	9 October	10 October
4. Bima	1 October	16 October	16 October
5. Ternate	28 September	-	1 October

BPS received the original KKB cards on large sheets only a few days before the funding distribution. In this limited time period, BPS had to organize a sorting process in order to group the KKB cards according to SLS and village, as well as checking the number and condition of the cards. Moreover, in several districts, BPS put the cards in a plastic sleeve. After this process was completed, the KKB cards were distributed to recipient households in a time that varied between regions as presented in Table 4.7.

According to the guidelines for the KKB distribution, the *kabupaten/kota* BPS office should put together a KKB distribution team in the *kabupaten/kota* and *kecamatan* facilitated by the mayor/district and sub-district head, with the involvement of the BPS, *kecamatan* and village officials. In its implementation, in all research locations, no such distribution team was established. BPS was the main actor in the KKB distribution, with or without the involvement of the local government. As a result, the delivery of the KKB cards from the *kabupaten/kota* BPS office to recipient households varied between research locations, and, in general, can be classified into four distribution channels (see Figure 2).

Figure 2: Flow Chart of the Distribution of KKB Cards from the *Kabupaten/Kota* BPS



In Cianjur, the KKB cards were delivered in the forum of a coordinating meeting at the *kabupaten* level that was attended by various agencies (local government, BRI, BPS, post office, police and attorney's office) and all *camat*. The BPS head delivered the KKB cards symbolically to the district head (*bupati*) to be distributed to all *camat*. The next day, the *camat* distributed them to village heads in each *kecamatan* office. On the same or next day, the village head delivered the cards to the enumerators or RT heads for distribution to recipient households.

In Demak and Bima, the distribution channel of the KKB cards was a little different. BPS delivered the KKB cards directly via the KSK to the village heads without going through the *bupati* and *camat*. In several *kecamatan* in Kabupaten Bima, community disturbances arose early in the process of distributing the KKB cards, resulting in BPS deciding to deliver the cards in stages after conditions were considered conducive or there was a security guarantee from the village head. In Bima, the distribution was also undertaken without going through the village heads, but only for a short time because there were indications of emerging disturbances.

In Kota Ternate, BPS via the KSK delivered the KKB cards directly to recipient households in the company of the enumerators. Village officials were not involved at all, except officials who were enumerators. Meanwhile, in Tapanuli Tengah, BPS delivered the cards to KSK/PKSK who distributed them directly to recipients. The village head and street/hamlet heads only facilitated the recipient gatherings.

The delivery means for the KKB cards from the distribution officials to recipient households also varied, even in the same districts. There were deliveries that were made door-to-door and some were done collectively by gathering recipients in a particular location. In Kabupaten Demak, Cianjur, Bima, and Tapanuli Tengah a combination of the two delivery methods was found. In Tapanuli Selatan, there was a door-to-door distribution for recipients who could not attend at the time of the gatherings. In Kota Ternate, almost all KKB cards were distributed from door-to-door by BPS staff in the company of enumerators. They were not allowed to deliver the KKB cards via anyone else, cards had to be received by the recipient personally. Cases of entrusting KKB cards to enumerators only occurred for three recipients because they couldn't be found at their house even though they were visited on more than one occasion.

In general, the delivery of the KKB cards to recipient households was carried out smoothly. Nevertheless, several problems were found that tended to be causal, including:

- 1) Inconsistency between the identity of the recipient with the data on the KKB card, such as differences in name and address as well as print errors.
- 2) In three villages in Kabupaten Bima, recipient households had not yet received KKB cards when the research was being conducted. This occurred because of community pressure to delay the distribution of the cards until the supplementary cards arrived so the distribution of both cards could be done simultaneously. This was intended to avoid the emergence of protest actions and other community disturbances.

- 3) Certain distribution officials imposed transport levies on KKB recipients although the funds had already been provided by the government. In one village in Tapanuli Tengah, PKS asked for “petrol money” from KKB recipients as a reimbursement for delivery costs. The amount of money was not fixed, some recipients gave Rp2,000 to Rp5,000, but some others gave no money. One hamlet head estimated the amount of money collected by each official as reaching up to Rp200,000.
- 4) There are still KKB cards that were cancelled/confiscated by the KSK, enumerators or village heads that until now have not yet been returned to BPS. This was found in one village in Demak and Cianjur.
- 5) Information on cancelled KKB cards was not always known to the post office because there was no coordination or reporting from BPS.

There was concern that the last two cases above may cause losses by making the disbursement of funds possible to people who had no entitlement.

Before or at the same time as the distribution of KKB cards, there should have been verification and research into the accuracy of recipient households. Households were assessed as suitable have the right to receive a KKB card, on the other hand households that were not suitable or not poor would have their cards cancelled and withheld by BPS. However, because of time constraints, BPS, in general, could not conduct the verification and research carefully. It was only done in a limited way and scope as well as varying between districts.

In Cianjur, KSK conducted a limited verification and research at the same time as the KKB cards were sorted for recipients that were well-known to them. In one village in Demak and in several villages in Bima there was an initiative by village officials and enumerators to conduct the verification and cancel the KKB cards of recipients who were deemed unsuitable. In Ternate, the verification was undertaken at the same time as the distribution of the KKB cards because the cards were distributed directly by BPS officials from door-to-door. In the regions that conducted verifications relatively well, there was a tendency for the SLT distribution process to work more conducive or with relatively few community protests.

The conduct of this limited verification produced a number of KKB cards that were cancelled and, furthermore, withheld by BPS. Several reasons for the cancellation of KKB cards were found, including recipients who were assessed as unsuitable, duplicate cards, unknown recipients’ names and addresses or recipients who had changed address.

In all sample *kabupaten/kota*, KKB cards that were cancelled as a result of the verification was only around 0.7% (see Table 4.8). The rate of cancellations was highest in Kota Ternate (13.1%) and lowest in Kabupaten Demak (0.3%). The high rate of KKB cancellations in Ternate is believed to be the result of a relatively better verification process that was done from door-to-door at the same time the KKB cards were distributed.

In four sample *kabupaten/kota*, all KKB cards that were received, aside from the cancelled cards, have been distributed to recipient households. In Kabupaten Bima especially, there were KKB cards that had not yet been distributed due to community demands, as was discussed above in the problem of the distribution of KKB cards.

Table 4.8. Number of KKB Household Recipients and the Number of KKB Cards Cancelled in Sample *Kabupaten/Kota*

Sample <i>Kabupaten/Kota</i>	Number of KKB Cards Received	Number of KKB Cards Distributed	KKB Cards Cancelled	
			Total	% of Total Received
1. Tapanuli Tengah	23,538	23,126	412	1.8
2. Cianjur	179,939	178,798	1,141	0.6
3. Demak	99,217	98,957	260	0.3
4. Bima	43,641	42,414	171	0.4
5. Ternate	3,932	3,416	516	13.1

4.2.2. Funds Disbursement

The first phase of the funding disbursement throughout Indonesia was divided into three distribution schedules. The first distribution for 15 strategic cities commenced on 1 October 2005, the second disbursement for 24 provincial capitals and other strategic cities commenced on 5 October 2005, and the third distribution for other regions, commenced on 11 October 2005. Of the five sample *kabupaten/kota*, only Kota Ternate was included in the second disbursement regions, while others were in the third. In Ternate and Demak the disbursement took place in accordance with the schedule that had been determined. On the other hand, in Tapanuli Tengah this was delayed until 13 October, and Cianjur until 22 October because the KKB cards arrived late.

The funds disbursement to recipient households was conducted by the post office. The appointment of the post office as the manager of the SLT funding disbursement was considered appropriate by many parties. The post office is experienced in servicing community funds transfers. There are a relatively large number of post office branches widely dispersed to the *kecamatan* level. In addition, the possibility of funding leakages was relatively small because the community collected them directly and the post office was evaluated as relatively free of corruption.

In all research locations, the post office has several branch offices. Nevertheless, as in many other regions as well, not all *kecamatan* in the sample *kabupaten/kota* have post office branches. In addition, the number of officials in each post office branch is also limited, with an average of only 1-2 people. Finally, the number of villages and SLT recipient households that have to be serviced by one post office branch is, on average, more than 20 villages with approximately 4,000 recipients (see Table 4.9).

Table 4.9. Number of Post Offices and Service Area Coverage in Sample Kabupaten/Kota

Sample <i>Kabupaten/Kota</i>	Number of Post Offices		Number of <i>Kecamatan</i>	Number of Villages	
	Inspector	Branch		Total	Average per Post Office
Tapanuli Tengah	-	6	15	160	27
Cianjur	1	14	30	348	23
Demak	-	9	14	247	27
Bima	1	9	14	150	15
Ternate *)	1	3	4	63	16

Note: *) In Kota Ternate, the post office branches did not provide the SLT disbursement that was centralized at the chief post office.

The limited service area of these post offices forced some SLT recipients who live far from a post office to spend a significant amount of money on transport. In several districts, recipients had to spend Rp6,000-Rp15,000 on the cost of transport. These are quite significant amounts of money for poor families, especially if it is compared with the wages of farm laborers, a lot of whom are still earning below Rp15,000/person/day. Because transport money is not always available, many recipients were forced to go into debt or walk quite a long way to reach the closest post office.

This condition was compounded by the tendency of recipients to collect their SLT payments on the first disbursement day, resulting in thousands of recipients attending simultaneously and crowding the payment offices. Apart from making it uncomfortable for recipients (both physically and psychologically), it also resulted in them losing a day's work. On the other hand, this resulted in several facilities at the service locations being damaged, including broken windows and damaged chairs.

The provision of the service for thousands of people in one working day also meant that it was easier for post office officials to make mistakes as the result of human error. Several post office officials, for example, forgot to remove the KKB coupon as proof of payment. A mistake for just one recipient will result in the official being responsible for Rp300,000. The post office officials were also unable to carefully check the original of the KKB card with the copy.

The smoothness or otherwise of the disbursement of SLT funds was determined not only by the size of the district that had to be serviced, but also determined by the coordination and service planning with stakeholders prior to and during the funding disbursement. Several measures that were taken in several regions where the disbursement process worked smoothly were:

- 1) The post office determined the disbursement schedule for each village by taking into consideration the number of SLT recipients that had to be served.
- 2) The disbursement schedule was widely socialized to every village, and in fact, there were regions that attached it to the KKB card that was delivered to the recipients.

- 3) The post office coordinated with *kecamatan* and village officials and local police in controlling the number and queueing of recipients.
- 4) The post office added service posts and payment counters or was pro-active in relatively distant districts.

In Kabupaten Tapanuli Tengah and Cianjur, the disbursement of SLT funds ran smoothly and orderly and no commotions were heard of. In these two *kabupaten*, a schedule was prepared that was well-socialized. In Tapanuli Tengah, the disbursement schedule was enclosed when the KKB cards were delivered to recipients. In Cianjur the disbursement schedule was made known to village heads, via telephone or village postal officials.

In Cianjur, apart from being conducted in the main and branch post offices, the service was also provided pro-actively at the village level in 12 *kecamatan*, especially in the South Cianjur area. In each *kecamatan* two to five service posts were provided. The funds disbursement schedule was, in general, determined for one day per village, and each cashier serviced 500-600 people, resulting in the service being completed in half a working day. In this region, the funds disbursement was quite well prepared and coordination with officials at the *kecamatan* level, the police, and village officials went smoothly. Village officials and the police were involved in organizing the recipient numbers and queuing. This was possible because Cianjur was among the last regions to distribute the SLT funds so there was enough time to learn from the implementation process in other regions.

Although there were also efforts to enhance the service in other districts, this did not always work well because of other factors. In Kabupaten Demak and Bima, the local post office made a disbursement schedule for every village, however it was not well socialized. As a result, the community came simultaneously, resulting in long queues, shuffling, and a few disturbances such as torn or lost KKB cards.

In Kota Ternate, the dissemination of the service was not effective because of the lack of coordination between the post office and BPS on which village's KKB cards had already been distributed. In addition, the service in two villages was impeded because of the emergence of community conflict triggered by mistargeting concerns. It was finally decided that the funds disbursement will be undertaken by one main post office in each town.

Up until the first phase of the funding disbursement was almost completed, the post office in the regions had not yet received clarification on who had full responsibility for the operational costs of the service. Some are of the opinion that the post office was responsible for the service costs, such as the installation of tents and the provisions for security officials. The post office hoped that there would be clear operational funds available, considering that many stakeholders are involved.

In many areas, the unclear availability of operational funds was the reason for the absence of a mobile service or additional service posts that were more accessible for villages. As an example, the plan to open service posts on several islands located far from Kota Ternate has still not been undertaken and is still the subject of discussion

with local governments, especially concerning available funds. Meanwhile, it is rather difficult to expect recipients to travel to the post office in Kota Ternate because they have to pay transport costs of up to Rp200,000 per person.

In several *kecamatan* in Kabupaten Bima, there were delays in the funds disbursement because of miscommunication between the local government and the post office. This delay caused material losses (transport and accommodation costs) that were significant for recipients who came to the *kecamatan* office which was appointed for the distribution of funds.

On 7 October 2005, the Coordinating Minister for Peoples' Welfare (*Menko Kesra*) stated that the government required identification in the form of a KTP or identity paper when the funds were disbursed. It appears this was not well publicized so the implementation of this varied between regions. Cianjur, Bima, and Tapanuli Tengah required proof of identity while other districts did not. Irrespective of whether there was a requirement or not, there should not have been any difficulty for adult villagers in fulfilling this requirement. In fact, it appears that there are still many recipients who do not have a KTP, because it is lost, burnt or they have never possessed one before. The post office gave a dispensation from this requirement and substituted it instead with a resident's permit, identification statement or an application form for the production of a KTP signed by the relevant village authority. This stipulation, however, provided the impetus for certain parties, especially village officials, to demand production fees between Rp50,000 and Rp80,000. In the end, in Bima, the requirement for an accompanying form of identification was not enforced and, instead, several post offices required a village official to accompany the villagers during funds disbursement.

The SLT funds, in general, were collected directly by those whose names were attached to the KKB card. A limited number were also deputed to a family member if the recipient was sick or aged. For the collections that were delegated, almost all districts required a power of attorney, proof of identity or a letter from a village official confirming that a person is a recipient. Aged or ill recipients who collected their own payments were usually given special priority so they did not need to queue.

In South Tapanuli, the village head collected the funds for old-age recipients. This initiative was undertaken and agreed because this village is located on an island. There was a similar arrangement in Bima that developed into a local police case. This was because this village head unilaterally took Rp50,000 per recipient as a repayment for the collection. After this case was reported to police, the village head agreed to return the concerned funds to the recipients.

Recipients obtained the SLT funds from the post office in the full amount of Rp300,000 without any deductions. Demands on some recipients to share their funds with other poor households who had not received SLT payments occurred at the community level. In Cianjur, through the coordination of the RT heads, the SLT recipients on average contributed Rp50,000. In Demak, as the result of the pressure from other poor people, recipients in the two sample RT gave Rp25,000 to Rp100,000. Meanwhile, in Tapanuli Tengah at the suggestion of *adat* figures, recipients gave an average of Rp50,000 that will be returned during the second disbursement phase, if

households that are given money become additional recipients. In Cianjur, some recipients also voluntarily provided money to enumerators and local RT heads of around Rp3,000 – Rp10,000.

In general, SLT recipients admitted that quarterly disbursements are appropriate, as monthly disbursements are too small and require a larger cost for transport. The near poor more often wanted the disbursement all at once because the funds could be used as additional business capital.

4.2.3. Funding Utilization

In all research sites, almost all recipients used the SLT funds immediately after receiving them. In total, only 4.5% of recipients admitted to still having some of the funds. In general, the recipients used the funds for a variety of needs. Of 89 recipient household respondents whose funding use could be identified, 90% used the funds for consumption needs. At the *kabupaten/kota* level, the use of the SLT funds for consumption was most dominant, and in Cianjur and Demak it was the case for all recipients. Rice was the consumption item most often purchased because, apart from being the staple foodstuff, it could also be stored for a relatively long time.

Around 23.6% of recipients used these funds to pay off debts with neighbors, stall owners or other parties who provided loans to cover daily consumption needs. Because the disbursement of SLT funds was undertaken in the lead-up to *Lebaran*, there were also recipients (22.5%) who used their funds to buy clothes for *Lebaran*. This was most commonly the case for the SLT recipients in Cianjur.

Meanwhile, the number of households that utilized the funds for school fees or the cost of medical treatment was relatively small, a total of 14.6% and 11.2% respectively. Nevertheless, the availability of the funds in relation to the costs of treatment was considered to be very helpful, because at the time the SLT funds were received, several respondents were sick or unable to afford the cost of treatment, with the exception of Bima where not a single person used the SLT funds for that purpose.

Table 4.10. Usage of SLT Funds by Household Recipients (by Percentage)

Type of Use	Tapanuli Tengah	Cianjur	Demak	Bima	Ternate	Total
Clothing	22.2	42.1	17.6	6.7	20.0	22.5
Food	72.2	100.0	100.0	93.3	85.0	89.9
School fees	27.8	10.5	5.9	13.3	15.0	14.6
Medical fees	22.2	5.3	17.6	0.0	10.0	11.2
Paying Debts	11.1	52.6	17.6	40.0	0.0	23.6
Business capital	5.6	21.1	0.0	33.3	30.0	18.0
House improvements	11.1	5.3	0.0	0.0	15.0	6.7
Others	16.7	52.6	0.0	26.7	30.0	25.8
Number of Respondents	18	19	17	15	20	89

Note: One recipient household can use SLT funds for one or more purposes.

Recipient respondents who used the SLT funds for business capital totaled only 18%, and in Demak there were, in fact, none. In Bima and Ternate, however, almost one-third of recipients used their payments for business capital. Because the amount of money received was relatively small, the funds were, in general, only used as additional business capital, such as to buy agricultural fertilizer and seeds, adding trading stock or adding business capital for a small business. Many respondents admit that this amount of money was not enough to open a new business.

4.3. Socialization

The problem of weak socialization of the SLT program was experienced in almost all regions and at all stages of the implementation, starting with the data collection process, the funding disbursement through to the complaints mechanism. The local governments at all levels as well as the broad community admit to not obtaining adequate information on the SLT program. In fact, it could be said that the community socialization was not conducted. The socialization was only provided to recipient households when the KKB cards were distributed, but it was limited to information concerning the venue and schedule for the collection of funds.

The community, in general, knew about the SLT program after the distribution of the KKB cards or the disbursement of the funds. They obtained the information by word of mouth, and some groups obtained the information from the media (television, radio, and newspapers).

The program socialization for local government officials was provided by BPS through a coordination meeting at the *kabupaten/kota* level where various agencies, sub-district heads (*camat*) and village heads were invited. This socialization, however, only informed local officials about the data collection plan for poor households. It was found that preceding the funding disbursement, the coordination meeting in some districts gave information on the KKB card distribution plan. Meanwhile, the in-depth socialization on the SLT was conducted internally for BPS officials and provided technical information.

No institutions, at the *kabupaten/kota* down to village level felt responsible for conducting the socialization activity. Local governments felt that there was no clear directive on this issue, and they also never received clear information on the SLT program. Meanwhile, BPS only felt responsible for the data collection matters.

The institution that was responsible for conducting the SLT socialization was actually the *Menkominfo* (The Ministry of Communication and Information). The socialization undertaken by *Menkominfo* was, however, limited only through the print and electronic media and SMS services, while broad community access to these forms of media is still limited. Meanwhile, the socialization by distribution of brochures on the criteria for poor households that was issued by *Menkominfo*, apart from arriving late (21 November 2005) and in limited numbers, was also less than informative for the general community.

After the funds disbursement, especially after many complaints or the emergence of community disturbances, almost all local governments conducted a socialization program for officials as well as the community in the affected district. The socialization for

officials was undertaken in the context of information regarding re-registration, while for the community in order to quell conflict. In Cianjur, for example, there was a dissemination of information on the 14 variables for eligible families (see the Appendix 10: Socialization material of the village of Cugenang in Cianjur) that was delivered through the activities of the village government or routine religious activities.

The weak socialization of the program was worsened by the unavailability of comprehensive operating procedures for the program at the government level from *kabupaten/kota* to village. At the same time, partial guidelines in the form of a book of implementation guidelines for the household data collection and guidelines for the distribution of KKB cards that was issued by BPS and aimed at local government officials was also not properly distributed. In addition, several SLT-related documents from the central government that could actually provide the legal basis for local governments, such as *Inpres*, decrees from the Coordinating Minister of Peoples' Welfare (*Menko Kesra*) and the Minister of Home Affairs, were late in arriving or, in fact, were not received.

Not only was the socialization of the program weak but also the socialization of the name of the program itself. The program has different designations, namely the Direct Cash Transfer (*Subsidi Langsung Tunai: SLT*) or Cash Transfer Assistance (*Bantuan Langsung Tunai: BLT*). This was due to the difference in designation at the central government level which was set out in several policies that provided the basis for the program. *Inpres* No. 12 of 2005 referred to it as BLT, while several ministerial documents and operational guidelines refer to it as SLT. This certainly caused confusion for various parties. Nevertheless, at the community level this program was better known as BBM Compensation.

On one hand, the minimal level of socialization in the data collection phase can reduce moral hazard in target determination. On the other hand, however, the lack of a comprehensive socialization of the program gave rise to misperceptions and social jealousies.

4.4. Complaints and Problem Resolution

The occurrence of mistargeting, although small, that was worsened by the inadequacy of the program socialization, especially in regard to the target criteria and program objectives, has triggered community dissatisfaction. Community dissatisfaction was expressed in various forms starting with complaints, protests or demonstrations, making threats against officials to destruction of tools. In Cianjur, the community took protest action by going to the houses of the RT head and enumerators, as well as the village office. There were also cases of the destruction of the houses of the village and hamlet heads. In Demak, protest actions were made in one *kecamatan* office by mobilizing the community in three trucks. In Bima, the village office was sealed off for two days. In Tapanuli Tengah, protest action in one village caused the delay in the distribution of KKB cards on three occasions.

In addition, the past conflict such as that occurred in Bima and Tapanuli Tengah worsened the conflict. The post-*reformasi* condition following the implementation of village and regional autonomy, resulted in the village community being unafraid in

putting forth their opinions, which occasionally took the form of protest actions. It was strongly assumed that the scale of the protest action was more of a result of local politics rather than technical problems related to the implementation of the SLT program. In Tapanuli Tengah, apart from the history of conflict in the past nomination of the village head, the plan for regional head election to be held on 11 December 2005 also increased the potential for conflict in the community.

In several areas, the damage to the socio-political order of the local community was considered bigger than the advantage that was received by the poor through the SLT Program. In the sample villages where the implementation of the SLT was assessed as good, community protests were still occurring although they could then be appropriately resolved.

In the resolution of problems that emerged in the community, the village head had an important role. Quite a few, however, involved the security apparatus such as the police or local military post in the *kecamatan*. Good coordination between BPS and local government also provided satisfactory results in reducing conflict in several regions. The means of conflict resolution varied, including:

- 1) Giving a direct explanation to the community of the criteria for SLT recipient households. BPS accompanied by *Asda* (Assistant Regional Secretary), *camat* and village heads visited villagers to explain the SLT program. The initiative of one RT in this village to ask BPS to explain the criteria for SLT recipients proved helpful in mitigating conflict that occurred.
- 2) The willingness of SLT recipients to share some of the funds they received with other poor households. In several RT in Demak, SLT recipients set aside between Rp25,000-Rp100,000, while in Cianjur an average of Rp50,000 was set aside. In Tapanuli Tengah, *adat* leaders consensually requested recipients to set aside Rp50,000, but these funds were considered loans that would be returned if these households obtained supplementary SLT payments in the second phase.
- 3) The opening of a supplementary registration for households who felt entitled. In practice, the registration was not only undertaken directly by the relevant household. There were households that didn't register but were registered by the RT head, enumerator, neighbor or village head. The registered unit was also not always the household as there were also individuals or families. As a consequence there was high increase in the number of supplementary registrations, as was covered in the previous section on targeting.
- 4) There were officials who promised that supplementary registrants would receive the SLT in the next phase. This promise, although in the short-term was able to reduce conflict, in the long-term there is a concern that it could, in fact, give rise to new and broader problems.

To anticipate complaints and at the same time to monitor the program implementation, the government issued the Minister of Home Affairs Directive No. 541/2475/SJ and the Coordinating Minister for Peoples' Welfare Directive No. B.244/Menko/Kesra/IX/2005 that requested regional governments to establish a

coordinating post (*posko*) for complaints and monitoring, the funding allocation of which was added to the APBD.⁹ In its implementation, the SLT *posko* was only found in Demak and Ternate, and it was only limited at the *kabupaten/kota* level. The existence of *posko* and the available complaints mechanism was also not broadly disseminated to the community, so there were variations in the complaints channels.

For the SLT Monitoring and Complaints *Posko* in Demak, the regional government appointed the Community Empowerment Office (*Kantor Pemberdayaan Masyarakat: Kapermas*) as the coordinator of the PKPS BBM (Compensation Program for Reduced Subsidies on Refined Fuel Oil) complaints post, including the SLT program. In its implementation, the *posko* only accepted complaints in the form of the submission of suggestions for new SLT recipients. The submission mechanism also did not involve Kapermas directly, because the suggestions of new targets were, in general, submitted directly to the BPS office, and Kapermas was only given a copy as the report.

In Ternate, the PKPS BBM Monitoring and Complaints Team was formed on 1 October 2005. The team was better known as the Complaints and Monitoring *Posko*, headed by the *Sekda* of Kota Ternate whose membership consisted of the head or section head of various agencies, including the post office and BPS. This *Posko* was only formed at the *kota* level, while there were none at the village and *kecamatan* level. Although *poskos* were formed, the socialization on the existence of the *posko* was only conducted at the village level so the utilization of the *posko* by the community was not maximized. Many community complaints were sent directly to BPS with or without a copy to the *posko*.

Meanwhile, although the Tapanuli Tengah district had a PKPS BBM Monitoring and Community Complaints Coordination Team that covered nine programs, the SLT program was not included. So, if the community was not satisfied with the SLT program, they went directly to the village head, *lorong* head, enumerator or BPS.

Like Tapanuli Tengah, in Cianjur the complaints *posko* at the level of the *kabupaten*, *kecamatan*, and village was the complaints post for the BBM compensation program that was given the name Community Complaints Unit (*Unit Pengaduan Masyarakat: UPM*). Because there was no clear complaints mechanism, the community members who felt dissatisfied with the SLT program complained to the RT, RW or hamlet head, village head or officials, enumerators, KSK or BPS. Meanwhile, the complaints in the BIMA district, both oral and written, were distributed to various agencies, including BPS, post office, police, Bappeda, and DPRD.

To anticipate the emergence and spread of community discord, during the BPS national technical meeting, the participation of the police in providing security was stressed again, including protecting authorities and applying sanctions to offending officials and people. In West Java and Central Java, the local police published a circular that contained provisions on the criminal sanctions for those making false documents or papers on poor households.

⁹Directive of the Minister for Home Affairs number 541/2338/SJ, dated 13 September 2005 on the Preparation of Operational Costs and Monitoring of the Implementation of PKPS-BBM in the APBD.

4.5. Institutional Issues

The weakness of coordination and communication in the implementation of the SLT program was the main problem faced by officials at the *kabupaten/kota* level. This can be seen, among other reasons, by the fact that various official documents on the SLT operation issued by the central government was late in arriving, or even not received by *kabupaten/kota* governments.

Inpres No. 12 of 2005 on the Implementation of the SLT for Poor Households that was issued on 10 September 2005 provided the first legal basis for the SLT program. Via this *Inpres*, the president, inter alia, instructed Bappenas to coordinate the planning preparation and the organizations implementing the program. The president also instructed governors, district heads, and mayors along with their officials to provide support and supervision for the program implementation. In the meantime, the data collection activity on poor households had already been started one month earlier by BPS (on 15 August 2005).¹⁰

In practice, the *Inpres* document and other documents on the SLT program were only received by local governments when the SLT funds were being disbursed to recipients. Local government, therefore, felt that they were not being involved officially in the SLT program from early on. The data collection by BPS on poor families/households, according to many regional officials, was conducted without coordination with local government. This might have been caused by BPS officials' perception that data collection was just a routine activity. This process created the impression in the regions that the SLT program was centralized and implemented by institutions that were also centralized (BPS and PT Pos Indonesia). On one hand, local government supported the central government effort to reduce poverty in their region. On the other hand, local government questioned the central government's commitment to the implementation of political decentralization and regional autonomy.

The organizing of the data collection and determination of poor families/households by BPS as a central agency that tended to lack transparency added to the impression of centralization in the management of the SLT program. This non-transparent process was also considered to be in contradiction with the democratization process which was being developed. In this regard, there was indeed conflict between the law that prevents BPS from publicizing respondents' identities (Law No. 16 of 1997) with the democratic need to consult on the proposed SLT recipients with the local public.

In addition, inaccuracy in interpreting *Inpres* No. 12 of 2005 during the conduct of the coordinating meeting at the ministerial level in the Peoples' Welfare portfolio (16 September 2005) also impacted on the optimization of the role of the Ministry for Home Affairs. The duty of the Ministry for Home Affairs as implementation and supervision coordinator was interpreted as being supervision and handling of complaints. For that reason, one function of local government as the instrument of the

¹⁰The Minister for Home Affairs (Mendagri) communicated this activity via document No. 413.3/1941/SJ dated 1 August 2005 on the Data Collection on the Poor that, inter alia, stated: "... we request all governors, district heads and mayors to prepare all village heads, RW heads and RT heads as nominee field officials who will assist BPS to conduct this data collection exercise."

Ministry for Home Affairs to coordinate the implementation of the SLT program was not undertaken.

Thus, when the results of the poor family/household data collection gave rise to socio-political unrest in various regions, the central government then seriously requested local governments to take “security” steps. Two documents that were issued by the central government, namely: 1) the decree of the Minister for Home Affairs No. 541/2475/SJ dated 26 September 2005 concerning the Technical Guidelines for the Administration of Community Complaint Resolution and Monitoring the SLT for Poor Families for 2005, and 2) the decree of the Coordinating Minister for Peoples’ Welfare No. B.244/Menko/Kesra/IX/2005 dated 28 September 2005 on the Establishment of Complaints Posts. The Directive of the Coordinating Minister for Peoples’ Welfare, requested, inter alia, that governors, district heads, mayors, sub-district heads and village heads, within two days, establish a community complaint post in their respective regions.¹¹ Therefore, the local governments were positioned as trouble-shooters.

Nevertheless, the SLT recipient community liked the simplicity of the SLT program management bureaucracy, which was assigned to BPS and the post office and was the sole key to the efficiency of the program administration. The problems that then often arose were due to the fact that these two agencies’ employees are used to working within a technical paradigm. Meanwhile, poverty is a multidimensional problem and requires a comprehensive social, economic and political approach.

4.6. Level of Satisfaction and Program Output

4.6.1. Level of Satisfaction

To understand the extent of the level of satisfaction of stakeholders with the SLT program, focus group discussions (FGD) were undertaken with community groups that represented SLT recipients and village and *kabupaten/kota* officials and leaders. The aspects that were observed included determination and accuracy of targeting, socialization, card distribution, funds disbursement, problem handling and institutional issues. Approximately 6-10 FGD participants from each group were asked their opinions about these aspects by using a score between 10-100. The higher the score they gave, the higher the level of satisfaction. The results of this FGD are presented in Diagram 1.

In general, the level of satisfaction of the SLT recipient community was higher than the level of satisfaction of village and *kabupaten/kota* leaders and officials. This is understandable because it is the recipients who benefit most from the SLT program.

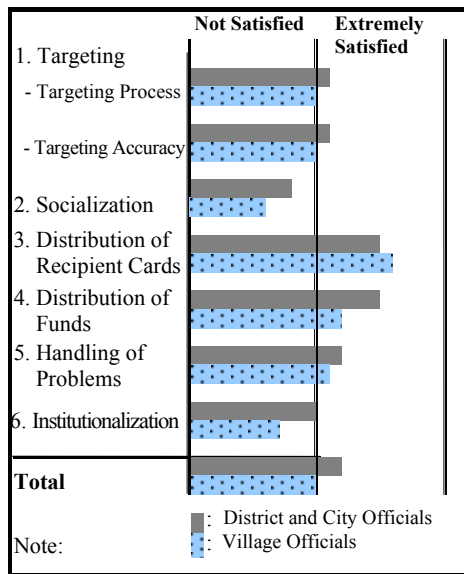
¹¹Based on these documents, various regions then formed community complaints posts. The governor of DKI Jakarta, for example, issued a Governor’s Decision No. 1913/2005 dated 4 October 2005 on the Formation of Community Complaints Unit and PKPS BBM Monitoring Unit Teams; the mayor of Ternate issued a Ternate Mayor’s Decision No. 167/8/Kota-Tte/2005 dated 1 October 2005 on the Formation of Community Complaints Team and Monitoring of the BBM subsidy reduction compensation; and the *Camat* of Monta, Kabupaten Bima issued Decree No. 10 of 2005 dated 26 October on the Formation of the Monitoring, Evaluation, and Supervision Team on Data Collection Distribution, and Disbursement of BBM Compensation Assistance Funds.

Meanwhile, the level of satisfaction of village leaders and officials was the lowest. This is understandable because they were the ones who most negatively affected by problems in the administration of the SLT program.

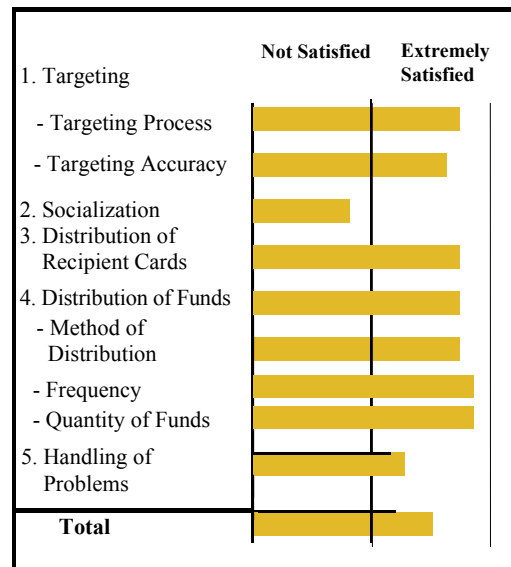
In the view of SLT recipients, the factor that was felt to be most unsatisfactory was the lack of socialization, especially information on the criteria for recipient households. The complaint handling issue was also considered still unsatisfactory. Meanwhile, the issue of targeting accuracy or determination was assessed as good and quite satisfactory. It was also the same with the distribution of cards, funds disbursement, and the amount of the SLT funds.

Diagram 1: Level of Satisfaction with the Implementation of the SLT Program

Village/District Authorities & Officials



SLT Recipients



On the other hand, the level of satisfaction of village authorities/officials tended to be lower than the level of satisfaction of those at the *kabupaten/kota* level, with the exception of the distribution of KKB cards. These two groups considered the KKB distribution and funds disbursement as the most satisfying aspects. The socialization program and institutionalization were considered most unsatisfactory.

This study also tried to uncover the same information from non-recipient households through in-depth interviews. In general, non-recipient respondents' level of satisfaction was not that much different from the SLT recipients. They were of the opinion that the socialization was the weakest, while the determination process and targeting accuracy, and problem handling was considered to be quite good. Nevertheless, they also viewed that there were a small number of poor households like themselves that did not receive the SLT. On the other hand, there were also a few recipient households that they considered unsuitable.

4.6.2. Impact of the Program

There were glaring differences of opinion between government officials, SLT recipient households and the community in general on the impact of the SLT.

Community officials/leaders

Community leaders and officials, in general, were in less agreement with this program because they considered it to be a “*program that only provided fish rather than a fish-hook*”. They were concerned that this assistance would make the community become indolent. This program was also considered counter-productive to other programs that were more in the nature of community empowerment. They suggested this program not be provided over the long-term, but that a one-year program was sufficient. In the future, the program should not create the impression that it is “giving out money for free” or “handing out money”, but rather these programs should be in the form of community empowerment programs, infrastructure development or those that provide employment opportunities.

There were also community officials and leaders who viewed that this program would be very good if it was accurately targeted. Through this program, the poor could be assisted in covering their daily needs that are becoming increasingly expensive.

SLT program recipients

SLT recipients were very grateful for the SLT program because the funds they received could be utilized in accordance with their needs. This was especially so when the disbursement coincided with Ramadan when there are usually a lot of additional costs to be met. They considered that the program did not have an impact on their work ethic in fulfilling basic family needs. They admitted that this amount of money could not be used for new business capital, but only to fulfill consumption needs, children’s school fees, medical treatment, and additional business capital.

One SLT recipient said that: “*This is the first time since the Dutch and Japanese colonial period that the government has provided direct monetary assistance to its people.*” One other person said that: “*This is the only program where the poor can fully enjoy the benefit because in other programs, the village elites and officials always intervened.*”

Some recipients objected to the suggestion to replace the SLT program with intensive work programs. They saw that intensive work programs reduced the possibility of the aged or disabled poor from becoming recipients. In addition, it would be difficult for fishers and farmers to join this program.

The positive impact of this program was an enhanced awareness of possessing a KTP, although as a result of compulsion. This is because in some regions, the collection of the SLT funds required accompanying forms of proof, such as KTP or identification papers from the village head.

Village officials

Almost all village officials said that they were negatively affected by the SLT program. The RT heads or *lorong*/hamlet heads felt that they were not appreciated by residents who did not receive the SLT because these families felt that their condition was ignored. In several villages, it became increasingly difficult to request residents to engage in mutual assistance activities and the reception of village tax levies was affected.

In addition, the various threats made against village and data collection officials created strain among many village officials and data collectors. Some of them resigned from their positions. In fact, all village heads in Kecamatan Cibeber, Cianjur, planned to resign if the supplementary SLT recipients were not approved because they were concerned for their safety.

General community

Social jealousies appeared in the community. The community became reluctant to pay their *zakat* (community tithe) and their *pancen* (levy for paying the wages of village officials) and Building and Land Tax (PBB). It was considered that the SLT program could cause dependency and moral hazard because the community would always expect to be given assistance. This concern is supported by the number of people who applied for the second phase of the data collection, although many of them were actually relatively well-off.

The presence of this program encouraged other groups working on similar program, such as the Regional Poverty Reduction Committee (*Komite Penanggulangan Kemiskinan Daerah: KPKD*) and NGOs to enhance cooperation and exchange information on poverty data in the region.

4.6.3. Monitoring Program

In the five research locations, there did not appear to be any comprehensive monitoring activity. Monitoring activity was only partial in nature, connected with the interests of each implementing agency, namely BPS and the post office.

The monitoring initiative by local government began to be undertaken in some districts. It was aimed more at observing conflict that arose and planning efforts to overcome it. In one *kecamatan* in Cianjur, for example, the *camat* had distributed forms to collect information about the development of the SLT program and the problems that arose.

At the national level, for monitoring purposes, the office of the Coordinating Minister for Peoples' Welfare in cooperation with a number of university research institutions conducted research on the SLT program at the *kabupaten/kota* level. This activity was undertaken almost simultaneously with the conduct of this study.

VI. RECOMMENDATIONS

1. BPS and the post office should continue as the main SLT managers in the field. It is suggested that these two institutions, in addition to being responsible to their superior agencies, also be responsible to the *bupati*/mayor in each of their working area or report their activities to the *bupati*/mayor.
2. The Ministry of Home Affairs needs to assign *kabupaten/kota* governments to coordinate all implementation and supervision activities for the SLT in accordance with *Inpres* No.12 of 2005. In undertaking this duty, the local government should immediately establish an integrated *posko* at all levels of government (*kabupaten/kota*, *kecamatan*, and village) that involves BPS, the post office and the police.
3. The duty of local government to be implemented within the framework of the routine activities of regional government administration. The operational costs of implementation is to be borne by the APBD, particularly for poor regions it is to be provided via special allocation funds (DAK).
4. It should be clear whether the concept of poor family or poor household will be used. At the least, in the same district, a uniform concept should be used.
5. KKB cards for households that are not suitable recipients have to be immediately cancelled by the *posko*. For households that refuse cancellation, their funds can be blocked at the post office.
6. Cancelled KKB cards should be immediately delivered to the *kabupaten/kota* BPS and the post office informed in order to avoid funding misuse or disbursement by people who have no entitlement.
7. The *posko* should immediately undertake verification and research of supplementary household recipients. The verification and research should be done from house to house. If there is insufficient time, this can be done via a community consultation (*musyawarah*) at the village level.
8. The distribution of KKB cards to supplementary household recipients by the *posko* has to be in accordance with the KKB distribution guidelines from BPS.
9. The names of SLT household recipients, including the results of the supplementary data collection, need to be published in public places at the SLS level. To validate the accuracy of targeting, the community should be given the opportunity to submit their objections to the closest *posko* within a certain timeframe.
10. To improve the system of coordination and communication, the central government has to ensure that all documents that it issues are received by each *kabupaten/kota* government administration.

11. The central government has to support the implementation of program socialization for the community using various channels, namely regional government, various print and electronic media and the wide-scale distribution of more informative and communicative brochures. The socialization material should especially emphasize the program aims, criteria for program recipients, and the availability and function of coordinating posts.
12. The post office needs to prepare a complete and clear SLT funds distribution schedule for each village. Information on the place and schedule for distribution should be publicized to recipients through various means, for example through village officials or announcements in places of religious worship.
13. The post office needs to be flexible in distributing the funds, for example by providing mobile posts or opening service posts at the village level.
14. Consideration needs to be given to introducing a requirement for identification such as a KTP when funds are disbursed. This is to minimize funding digressions such as: the collection of funds by those with no entitlement or the buying and selling of KKB cards. This needs to be supported by a policy on the production of identity cards (KTP) that is easy, cheap or free.
15. There needs to be clear law enforcement for every form of program violation, such as the falsification of information and levies on recipients. The issuing of sanctions and their dissemination will have the effect of dissuading the community and other authorities from committing such violations.

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