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**Assessing Local Poverty Alleviation Strategy and Pro-poor
Budget**

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PMMA1 - Public Spending



Assessing Local Poverty Alleviation Strategy and Pro-poor Budget

RESEARCH PROPOSAL
Presented to
PEP Network

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1. Abstract

Indonesia has embarked upon a radical and rapid 'Big-Bang' decentralization program. Regional autonomy is transforming Indonesia from one of the most centralized countries in the world into one of the more decentralized ones. Within one year, the *BigBang* approach decentralized much of the responsibility for public services to the local level, reassigned 2/3 of the central civil service to the regions, and handed over more than 16,000 service facilities to the regions. Five year after decentralization, one-third of central government expenditure was transferred to the regions (World Bank, 2007).

However, the rapid decentralization and its hasty preparation, accompanied by problems such as weak capacity of sub-regional government and weak coordination between tiers of government, have left much problems which could undermine the potential of decentralization. In terms of pro-poor growth, recent study showed that decentralization followed by a much less pro-poor growth, in national level as well as in all sub-regional growth (Timmer, 2004; Septyandrica, 2008). Many study highlight that one of the problem stem from the lack of sub-national capacity. While the significant proportion of local spending make it one of the key for successful poverty intervention, local government has weak capacity on formulating poverty strategy, set up policy and allocating budget accordingly. The weak capacity of local government accompanied by weak capacity of central government to monitor, evaluate, and enforcing local government poverty intervention. The central government lack of instrument to track the performance of local government. Those two issue drive a strong demand to government to revise the decentralization design in Indonesia.

While government accommodated those demand by preparing to revise some main policy on decentralization (sharing authority, fiscal decentralization, evaluation of local performance), the big question arised on how to effectively evaluate local government performance on poverty alleviation. Unfortunatelly there is a huge gap of knowledge on local poverty alleviation strategy and its effectiveness. What is the pattern of local government poverty achievement, strategy, policy, and budget allocation? How the connection of those strategy with National Poverty Reduction Strategy Paper? Since budget is very significant on shaping the efficiency of policy implemented, how is the pro-poorness of local budget, especially after decentralization era? How to benchmarking the pro-poornes of local government budget?

The above question are deemed important in two manners. First, those understanding are very important to give benchmark and guidance for local government on develop more pro-poor planning and budgeting. Second, those information will give a valuable input for central government to develop the instrument to be able to monitor, evaluate and enforcing local government intervention, especially on budget policy.

This proposed study therefore will focusing on assessing local government poverty alleviation strategy and budget, and develop a simple but operational benchmark to

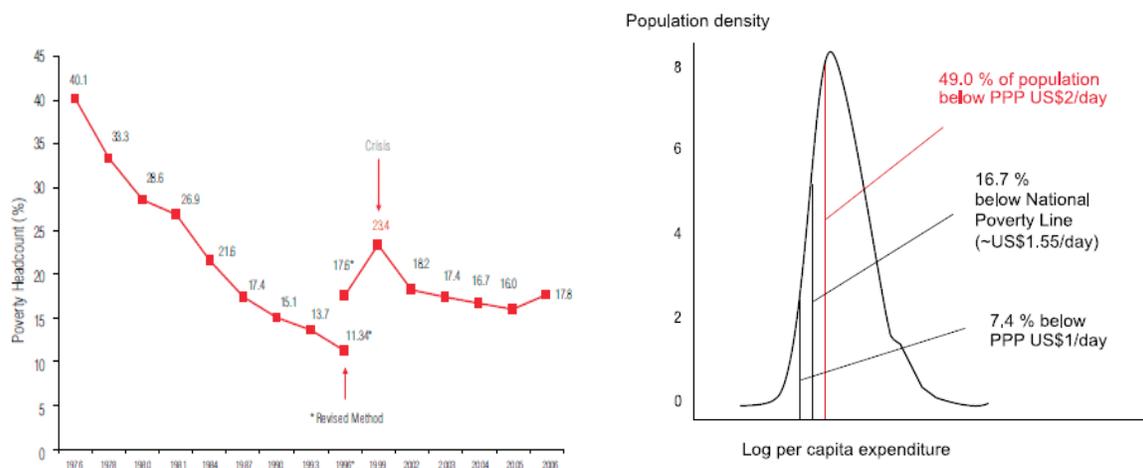
be recommended as instrument for monitoring and evaluate local government progress.

2. Main research questions and core research objectives

2.1 Background

The number of people living below US\$2-a-day in Indonesia comes close to equaling all those living on or below US\$2-a-day in all of the rest of East Asia besides China. The Indonesian government is committed to the objective of reducing poverty in its medium-term plan (RPJMN) for 2005-2009 which, in turn, draws on a national poverty reduction strategy (SNPK) on 2005. This objective was followed on in the national medium-term plan (RPJMN) for 2009-2014 by the second-time elected President. In addition to signing on to the Millennium Development Goals (MDGs) for 2015, poverty reduction strategy has laid out Indonesian key poverty reduction objectives for 2009. The ambitious target of reducing the poverty headcount rate is from 18.2 percent in 2002 to 8.2 percent by 2009. While national poverty rates may be close to pre-crisis levels, this still means that about 40 million people are living below the national poverty line. Moreover, although Indonesia is now a middle-income country, the share of those living on less than US\$2-a-day is similar to that of the regions low-income countries such as Vietnam.

The national poverty rate masks the large number of people who live just above the national poverty line. Close to 42 percent of all Indonesians live between the US\$1- and US\$2-a-day poverty lines a remarkable and defining aspect of poverty in Indonesia. Analysis indicates that there is little that distinguishes the poor from the near-poor, suggesting that poverty reduction strategies should focus on improving the welfare of the lowest two quintile groups. This also means that the vulnerability to falling into poverty is particularly high in Indonesia: while only 16.7 percent of Indonesians surveyed were poor in 2004, more than 59 percent had been poor at some time during the year preceding the survey. Recent data also indicate a high degree of movement in and out of poverty over time: over 38 percent of poor households in 2004 were not poor in 2003.



Poverty in Indonesia has three salient features. First, many households are clustered around the national income poverty line of about PPP US\$1.55-a-day, making even many of the non-poor vulnerable to poverty. Second, the income poverty measure

does not capture the true extent of poverty in Indonesia; many who may not be income poor could be classified as poor on the basis of their lack of access to basic services and poor human development outcomes. Third, given the vast size of and varying conditions in the Indonesian archipelago, regional disparities are a fundamental feature of poverty in the country.

Non-income poverty is a more serious problem than income poverty. When one acknowledges all dimensions of human well-being (adequate consumption, reduced vulnerability, education, health and access to basic infrastructure) then almost half of all Indonesians would be considered to have experienced at least one type of poverty. Nonetheless, Indonesia has made good progress in past years on some human capital outcomes. There have been notable improvements in educational attainment at the primary school level; basic healthcare coverage (particularly in birth attendance and immunization); and dramatic reductions in child mortality. But in some MDG related indicators Indonesia has failed to make significant progress and lags behind other countries in the region. Indeed, specific areas that warrant concern are:

- Malnutrition rates are high and have even risen in recent years: a quarter of children below the age of five are malnourished in Indonesia, with malnutrition rates stagnating in recent years despite reductions in poverty.
- Maternal health is much worse than comparable countries in the region: Indonesia's maternal mortality rate (307 deaths in 100,000 births) is three times that of Vietnam and six times that of China and Malaysia; only about 72 percent of births are accompanied by skilled birth attendants.
- Education outcomes are weak. Transition rates from primary to secondary school are low, particularly among the poor: among 16- to 18-year-olds from the poorest quintile, only 55 percent completed junior secondary school, compared with 89 percent from the richest quintile from the same cohort.
- Access to safe water is low, especially among the poor. For the lowest quintile access to safe water in rural areas is only 48 percent, against 78 percent in urban areas.
- Access to sanitation is a crucial problem. Eighty percent of the rural poor and 59 percent of the urban poor do not have access to septic tanks, while less than 1 percent of all Indonesians have access to piped sewerage services.

Regional disparities in poverty are considerable. Wide regional differences characterize Indonesia, some of which are reflected in disparities between rural and urban areas. Rural households account for about 57 percent of the poor in Indonesia and also frequently lack access to basic infrastructure services: only about 50 percent of the rural poor have access to an improved source of water, compared with 80 percent for the urban poor. But importantly, across the vast Indonesian archipelago, it is also reflected in broad swathes of regional poverty, in addition to smaller pockets of poverty within regions. For example, the poverty rate is 15.7 percent in Java/Bali and 38.7 percent in more remote Papua. Services are also unequally distributed across regions, with an undersupply of facilities in remote areas. In Java the average distance of a household to the nearest public health clinic is 4 kilometers, whereas in Papua it is 32

kilometers. While 66 percent of the poorest quintile in Java/Bali have access to improved water, this number is 35 percent for Kalimantan and only 9 percent for

Papua. A challenge faced by the government is that although poverty incidence is far higher in eastern Indonesia and in more remote areas, most of Indonesia's poor live in the densely populated western regions of the archipelago. For example, while the poverty incidence in Java/Bali is relatively low, the island is home to 57 percent of Indonesia's total poor, compared with Papua, which only has 3 percent of the poor.

On the above structure of poverty, come the decentralization era. Implemented since 2001, the big-bang decentralization slowly change dramatically the face of development. Within one year, the *BigBang* approach decentralized much of the responsibility for public services to the local level, reassigned 2/3 of the central civil service to the regions, and handed over more than 16,000 service facilities to the regions. Five year after decentralization, one-third of central government expenditure was transferred to the regions.

However, recent study showed that decentralization followed by a much less pro-poor growth, in national level as well as in all sub-regional growth (Timmer, 2004; Septyandrica, 2008). Despite the steady increasing in government expenditure, and also the local government expenditure, the distribution of growth (measure by pro-poor growth index) was less and less pro-poor. This brought an important question, have the poor benefited disproportionately more than the less-poor or even the non-poor from the improvements these spending brought about?

While the significant proportion of local spending make it one of the key for successful for poverty intervention, local government has weak capacity on formulating poverty strategy, set up policy and allocating budget accordingly. The weak capacity of local government accompanied by weak capacity of central government to monitor, evaluate, and enforcing local government poverty intervention. The central government lack of instrument to track the performance of local government. This brought the importance of deep knowledge about local pro-poor spending, and the instrument to monitor and enforce it.

Besides economic growth and social services, local government, by targeting public spending to the poor, can assist them in countering income and non-income poverty. First, public spending can be used for helping those who are vulnerable to income poverty through a system of social protection that augments their own efforts to deal with economic uncertainty. Second, public spending can be used to improve human development outcomes-hence, tackling the non-income multidimensional aspects of poverty.

More importantly, for effective policies formulation and implementation on redistribution and poverty reduction, there is need to have knowledge on benefit incidence of public spending. What proportion of poor people benefited from the past government spending can guide the future spending and make it pro-poor.

1.3 RESEARCH OBJECTIVES

The core objective of this study is to determine the pro-poorness of local government spending in Indonesia.

The specific objectives are to:

- (a) Review and discuss the policies, programmes and poverty alleviation strategy in local level (district/ city)
- (b) Estimate the benefit incidence and marginal benefit incidence of local government spending on education, health, and agriculture
- (c) Analyse the budget profile of local government using Public Expenditure Analysis
- (d) Estimate the pro-poorness of local government spending based on above analysis

3. Scientific contribution of the research

3.1 Background

The past decade has seen a resurgence of interest in the relationship between poverty and public spending in developing economies. This resurgence has fostered the return of incidence analysis, particularly, the benefit of public spending in the social sectors. Although, analysis of tax incidence has a long and venerable history in economics, distributional analysis of the benefits of public spending and public policy generally is more recent (Younger, 2003).

Benefit incidence studies have a long history, but the interest in benefit incidence surged as a result of Robert McNamara's optimism about the degree to which government spending can alter the income distribution and living standards of the poor in developing countries. According to McNamara, "Shifts in the patterns of public expenditure represent one of the most effective techniques a government possesses to improve the conditions of the poor" (McNamara, 1972). Knowledge of benefit incidence by income and other variables can be useful in reallocating public resources toward programs that benefit the poor.

Benefit incidence analysis (BIA) is a tool used to assess how government budget (tax, expenditure) affects the distribution of welfare in the population. Its main aim is on examining who benefits from government expenditure or taxes. In other words, it evaluates the distribution of government subsidies among different groups in the population, in particular, among different income groups.

BIA is generally based on average rates of program participation by income or expenditure group. It is usually concerned with the issue of how effectively governments are able to target their limited resources towards meeting the needs of the poor (as they usually profess to do). Target groups could be defined in a number of ways – by region, age or gender – but use of services by income group, however measured, is usually of the most interest.

The methodology involved in benefit incidence approach is straightforward. A major advantage of BIA is that it is more directly linked to the policy goals adopted by government. These typically relate to ensuring equitable access or its equivalent. Although BIA does not tell us how much service a person needs, it does give some idea of how much care they get. This becomes important since access to basic service is well recognised as a major cause of poverty. An example of benefit incidence

studies is carried out by Chu (2000) between 1978 and 1995 found that public health expenditures were *well targeted* in 21 of the 38 studies and were progressive in all 30 of the studies for which data was available. Well targeted refers to the fact that the poorest 20 per cent received more public subsidies than the richest 20 per cent. A system is considered progressive if the poorest 20 percent receive more than the richest 20 per cent *relative to their income or expenditure*.

BIA depends on both the allocation of public spending and the behavior of households in using the services. It can estimate the distribution of public expenditure with a two-step methodology. The first step is to analyze the net unit costs of providing any service. These are usually based on officially reported public spending on the service in question. The second step is to analyze the pattern of utilization of the services (e.g. how many units are utilized by poor households and how many by rich households).

While benefit incidence analysis is a good tool to understand who benefits from public spending, some limitations accrued. Among the most common criticisms of standard benefit incidence analysis is that its description of average participation rates is not necessarily useful in guiding marginal changes in public spending policies (Lipton and Ravallion, 1995). The study by Lanjouw & Ravallion (1998) showed that conventional methods for assessing benefit incidence underestimate the gains to the poor from higher public outlays and underestimate the losses from cuts.

A policy change that increases spending will not necessarily go to existing beneficiaries in proportion to their current benefits or even go to existing beneficiaries at all. In these cases, standard BIA method may be insufficient in analysing the distributional effects of public spending (Younger, 2003).

In response to these observations, several recent studies have proposed alternative methods to measure the marginal benefit incidence (MBI) of public spending. Marginal incidence analysis measures the incidence of actual increases or proposed cuts in programme spending. This approach departs from standard benefit incidence analysis that attempts to estimate how the average benefits from public spending are distributed at point in time (Van de Walle, 2002a). The latter can be deceptive about how changes in public expenditures will be distributed. It is possible, for example, that the political economy of incidence means that the rich tend to receive a large share of the inframarginal subsidies, while the poor benefit most from extra spending. Ravallion (1999) provides a model of the political economy of fiscal adjustment that can generate such an outcome. The simplest way to identify marginal incidence is to compare average incidence across geographic areas with different degree of programme sizes. This is essentially the method of Lanjouw and Ravallion (1999) who used data from India's National Sample Survey (NSS) for 1993-1994. Glick and Razakamanantsoa (2001) and Younger (2002) examine shares of the change in benefit over time across the expenditure distribution. Lanjouw and Ravallion (1999) estimate the 'marginal odds of participation' for each expenditure quintile as the coefficient in a regression of quintile and small area participation rates. Lanjouw et al (2002) and Ravallion(1999) apply similar technique to panel data to control for fixed effect characteristics. Younger (1999, 2002) considers marginal incidence to be the distribution of compensating variations for marginal policy

changes, based on estimated demands for public services. Ajwad and Wodon (2001) improved on Lanjouw and Ravallion (1999) method by defining the income quintile according to the position in the departmental distribution of income, with the country being divided into several departments¹.

Another tool to describe government budget effectiveness is Public Expenditure Analysis, widely used by Worldbank's research. Public expenditure analysis (PEA) itself is a method of analyzing how governments allocate and manage their financial resources. The purpose of doing the analysis is to provide recommendations on how governments can manage public finances more efficiently and effectively in the future. All governments have limited resources. This means there is a need to carefully decide how those financial resources will be allocated in order to achieve the maximum public benefits. However, in order to make these decisions, governments need accurate and timely information and analysis in order to answer key questions, such as: 1) How much money does the government have to spend? Where does the revenue come from? What is the potential, if any, for increasing the government's financing envelope?; 2) What has the government spent its resources on previously?; 3) What sort of public services have been provided with the current budget? Which sectors have good service provision and which sectors need improvement?; 4) Who are the main beneficiaries of government spending? For example, is it the rich or the poor? Women or men? Rural or urban areas? Are the benefits spread evenly?; 5) Have the services provided resulted in better human development outcomes for the population? For instance, have literacy rates, education levels, morbidity rates, life expectancy etc. improved?; 6) How effective is the current planning and budgeting framework and process? Is the budget approved on time? Are the funds available in a timely manner?; 7) What is the capacity of the civil service in public financial management? Are there areas that could be improved? The answers to questions such as these will help governments to identify priorities that need to be tackled through government spending and help them make informed decisions on how best to allocate funds.

PEA is usually used to draw a path and pattern of government expenditure, and understanding its connection with government plan and strategy. The weakness of PEA is in its generally analysis, so this study intend to fill the gap by breakdown further the analysis on local expenditure in programmatic level.

¹ Alabi, 2008.

3.2 Scientific Contribution

The proposed research will contribute to deepening the understanding of the effectiveness of local poverty alleviation strategy and budget on addressing poverty problem, in two ways. The first contribution is to develop further understanding of the effectiveness of local poverty alleviation strategy. While lots of research has examined the effectiveness of national poverty alleviation, less information is available on the local poverty alleviation effectiveness. This will be done by conduct a baseline study on the local PRSP, its implementation, and the performance achieved. This baseline aimed to build trend and pattern, and understand the connection between local PRSP and national PRSP.

The second contribution is to develop further the methodology to assess pro-poorness of local budget. The contribution proposed by this study is to combine benefit incidence, marginal benefit incidence, and Public Expenditure Analysis as a tools to assess pro-poorness of local budget.

4. Policy relevance

The need to study the benefit incidence in local government is necessary because overall progress and the distribution of progress are likely to be pro-poor, especially after decentralization era. When the differences on poverty across region in Indonesia is already high, the failure of local government's spending at reducing poverty of the local level may be aggravating the gap between region and this may not necessarily reduce poverty in the country. Hence, the study of benefit incidence of local government spending in Indonesia is essential if poverty reduction goal is to be maximized and inequality minimized in Indonesia.

The proposed research will feeding into three policy in two levels, central government and local government. The three respective policy are:

1. The regulation on Local Development Performance Evaluation System. This regulation is now is set up by Minister of Home Affairs, in accordance with the review of Decentralization Law (Legislation No. 32/2004 on intergovernmental relations and sub-national roles and functions and and Legislation No. 33/2004 on fiscal decentralization), and plan to be implemented on 2011. This regulation aimed to construct an instrument used by central government to continually monitor and evaluate local government progress and performance, including poverty alleviation.
2. A guide on Local PRSP and Capacity Building Module, build by National Coordinating Team for Poverty Reduction In Indonesia (TKPKN). This team is now has more authority since held directly under Vice President of Indonesia, which aim is to fostering the poverty alleviation in Indonesia. This institution now is in the middle of constructing a national guide to strengthening Local PRSP, and a module to build capacity of local government & Local Coordinating Team for Poverty Alleviation (TKPKD). This guide is plan to be implemented on 2011.
3. The revision (or development) of Local Poverty Reduction Strategy Paper (Local PRSP). Until now only 30% of local region (city/district) in Indonesia has this document, but according to assessment of TKPKN (national coordinating team), only less than one third of this document is achieved the

standard, and have strong connection with National PRSP. Following the development of the new Mid-term National Development Plan 2010-2013, recently government obliged local government to develop or revise (strengthen) its Local PRSP according with those document as well as with National PRSP.

The proposed research is aim to contribute to those three policy development, by feeding the knowledge on local government PRS pattern, its effectiveness, and especially the benchmark on pro-poorness of local government budget.

5. Methodology

5.1 Step of Analysis

The sampling method of this study will use purposive sampling, and will choose 15 district/city in 5 province in Indonesia, to get enough sample to capture the pattern of local strategy. The base for choosen will be consider the regional representativeness (Java Provinces and non-Java provinces), urban and rural, and the achivement of poverty alleviation as shown by standar pverty measurement (*headcount poverty, poverty gap index – P1, poverty severity index – P2*).

The data range of this study will be from 1999 – 2009, which will cover the range of early decentralization (1999 – 2005) and the second stage of decentralization (2006 – 2009). This will give opportunity to capture the differences on the implementation of decentralization regulation.

The first step of the research will be analysing the variation and pattern of the poverty problem and local poverty strategy. First we will analysing the profile of local poverty problem (*headcount poverty, poverty gap index – P1, poverty severity index – P2*) in the choosen sample of local region. The source data for this analysis is annual national survey on economic sector (Susenas). The aim of this step os to mapping the variation and pattern of poverty profile in those choosen samples. The next step is to conduct qualitative/contain analysis on variation and pattern of local PRSP on the choosen sample district/city. This will be held by gathering secondary information from those sample district/city, such as the policy document and report, and combine by primary data collection using indepth interview and focus group discussion. The aim of this method is to mapping the variation and pattern of local PRSP and its implementation. One of the result of this step is the variation of sectoral program commonly used by local government in those three sector. This program will then be choosen to conduct the benefit incidence analysis.

The second step is to analysing pro-poornes of local budget. The first stage of this part is conducting Benefit Incidence and Marginal Benefit Incidence analysis on local budget. The study will make use of Indonesia Bureau of Statistics (Biro Pusat Statistik) SUSENAS KOR conducted each year, and SUSENAS Modul (Living Standard Household Survey) conducted on 1999, 2002, 2005, 2008. The documented secondary data on expenditure on education, health, and agriculture by local government will also be used to achieve the objectives of this study.

The second information that will be used are local government expenditure on education, health, and agriculture. This will be obtained from national ministry of education, health and agriculture, as from provincial and district/city sectoral office.

The result of Benefit Incidence and Marginal Benefit Incidence will be used to develop Pro-poor the Public Expenditure Analysis. While from the previous analysis the profile of poverty problem and strategy, and the pro-poorness of each categories of spending or program was obtained, this stage will try to gather all information and develop a simple profile of the propoorness of local policy and budget. It might also add several well-known pro-poor revenue knowledge, as type of tax or levies.

4.2 Data Analysis Techniques

Benefit Incidence Analysis

Benefit Incidence Analysis (BIA) will be performed using Distributive Analysis Stata Package (DASP) procedure, for some chosen program in education, health, and agriculture sectors, as the result of above policy / strategy analysis.

Progressivity of Benefit (PB) will then be analysed using Distributive Analysis Stata Package (DASP). In following their procedure we will estimate the progressivity of benefit by comparing the Lorenz and concentration curves. In doing this, the expenditure (income) of the people will be ranked in ascending order, then the benefits of chosen program will be ranked according to their associated income.

Marginal Benefit Incidence Analysis (*parametric approach*)

In marginal benefit analysis, we shall employ Lanjouw and Ravallion (1999) method as improved by Ajwad and Wodon (2001), to analyse the marginal incidence of local public spending in chosen region.

Pro-poor Public Expenditure Analysis

We will then use Public Expenditure Analysis to describe the trend and pattern of local budget in chosen region. We will analyse detailed sub-national budget data from chosen district/city to examine some basic question such as: how much is revenue, the composition of revenue, how much does government spend, the composition of spending, etc, to get overall basic profile of local government budget. This analyse will combine the result gathered perviously and draw the correlation between local government poverty reduction output, intervention (policy/strategy) and budget. In the end the last step is to develop some set of practical guidance, based on the above analysis, on benchmarking the the local government PRSP and budget.

6. Data requirements and sources

The data range of this study will be from 1999 – 2009, which will cover the range of early decentralization (1999 – 2005) and the second stage of decentralization (2006 –

2009). This will give opportunity to capture the differences on the implementation of decentralization regulation.

The data on policy will containing: National Poverty Reduction Strategy Paper, related regulation and sectoral policies document, and Local Poverty Reduction Strategy Paper from the choosen region. The data of poverty alleviation outcome or local poverty problem (*headcount poverty, poverty gap index – P1, poverty severity index – P2*) will be obtained from Annual National Survey on Livelihood (SUSENAS KOR).

The data for benefit incidence analysis will make use of Indonesia Bureau of Statistics (Biro Pusat Statistik) SUSENAS KOR conducted each year, and SUSENAS Modul (Living Standard Household Survey) conducted on 1999, 2002, 2005, 2008. The documented secondary data on expenditure on education, health, and agriculture will be obtain from national ministry of education, health and agriculture, as from provincial and district/city sectoral office.

7. Consultation and Dissemination Strategy

The result of this research will be feeding directly into the three abovemention policy reform. Below are our strategy of dissemination and engagement for those purposes.

No	Activity or Product	Brief Description	Target Audience	Objective
1	Dissemination of Research Report	Distribution of Research Report & Policy Brief, which focuses on recommendations toward more effective allocation of sub-national spending in national, province, and district levels (500 copies)	Priority: key legislative, key government (national/local), NGO/research institution Other: press	To shape stakeholder opinion on better allocation and pro-poor sub-national spending
2	Series of roundtable discussion with TKPKN (national coordinating team on poverty alleviation)	5 roundtable discussion of the research result to be used by TKPKN on making A Guide on Local PRSP and Capacity Building Module	Priority: TKPKN members	To feed the research result on the making of Guidance on Local PRSP and Capacity Building Module
3	Series of roundtable	2 roundtable discussion in each of	Priority: TKPKD	To feed the research result on the

	discussion with TKPKN (national coordinating team on poverty alleviation)	sample region, to discuss the research result to be used by TKPKD to develop/revise Local PRSP	members	making/revise of Local PRSP
4	Series of roundtable discussion with Ministry of Home Affair	5 roundtable discussion of the research result to be used by Ministry of Home Affair on the making of Local Development Performance Evaluation System.	Team of Ministry of Home Affair	To feed the research result on the making of Local Development Performance Evaluation System
5	Series of media briefing	Conduct media briefing to continuously raise the above issue	Press, NGO	The issue about those two topic is regularly raised through media
6	Resource Centre on Local Poverty Alleviation Strategy and Budget	Series of news-letter, policy brief, and web-content on the issue of local poverty alleviation and pro-poor budget	Local champion (government, legislative, CSO)	To building their knowledge on the above issue

8. List of team members

The team member of proposed research are:

Lead Researcher

Chitra Septyandrica (women, 38 years).

She has several experiences on leading the research using Public Expenditure Analysis and Budget Incidence Analysis on Sub-regional budget data, such as:

- Research Coordinator on *Public Expenditure Analysis Free Basic Education on 15 Region in Indonesia, PATTIRO-R4D, 2009*
- Research Coordinator on *Spending Effectiveness and Accountability of Education Expenditure, Pattiro-Brooking Institution, 2008*
- Researcher on *Sub-regional Pro-poor Growth, University of Indonesia, 2008*
- PATTIRO Coordinator for *Piloting CBMS on Pekalongan District, PATTIRO-Smeru, 2008*

Hold some training and workshop experience in the relevance issue and techniques involve, such as:

- Workshop of Research Result and Dissemination Strategy, Transparency & Accountability Project, R4D, New Delhi-India, July 2009

- Workshop of Research Result and Dissemination Strategy, Transparency & Accountability Project, Brooking Institution, Washington DC, USA, July 2008
- Workshop of Research Design, Transparency & Accountability Project, Brooking Institution, Washington DC, USA, Januari 2008
- Training of Public Expenditure Analysis, PATTIRO – World Bank, 2008
- Workshop of Pro-Poor Budget for APBN, Indonesian NGO-network, Solo, Januari 2008

Researcher

Maya Rostanty (women, 34 years)

She has several experiences on leading the research using Public Expenditure Analysis on Sub-regional budget data, such as:

- Researcher on *Public Expenditure Analysis Free Basic Education on 15 Region in Indonesia*, PATTIRO, 2009

Hold some training and workshop experience in the relevance issue and techniques involve, such as:

- Intergovernmental Fiscal Relations and Local Financial Management, Summer Course, Central Europe University, Budapest, Hongary, 2009
- Advanced Workshop on Gender Responsive Budget, IBP, South Asia, 2008
- Training of Public Expenditure Analysis, PATTIRO – World Bank, 2008
- Gender Budgeting Study Tour to Manila, UNFPA, Philippines, 2007
- Workshop Budget Analysis & Citizen Advocacy III, The Asia Foundation, 2001 and 2003

Researcher

Ermy Ardyanti (women, 31 years)

She has several experiences on leading the research using Public Expenditure Analysis on Sub-regional budget data, such as:

- Researcher on *Public Expenditure Analysis Free Basic Education on 15 Region in Indonesia*, PATTIRO, 2009
- Researcher on *Community Organizer for Gender Budget Advocacy, Labor Budget and Civil Society Initiatives Against Poverty*, PATTIRO, 2006

Hold some training and workshop experience in the relevance issue and techniques involve, such as:

- Training of Public Expenditure Analysis, PATTIRO – World Bank, 2008

Dissemination Coordinator

Dini Mentarie (women, 37 years)

She has several experiences on leading the research using Public Expenditure Analysis on Sub-regional budget data, such as:

- Researcher on *Public Expenditure Analysis Free Basic Education on 15 Region in Indonesia*, PATTIRO, 2009
- Researcher on *Spending Effectiveness and Accountability of Education Expenditure*, Patti, 2008

Hold some training and workshop experience in the relevance issue and techniques involve, such as:

- Budget Implementation Training, International Budget Partnership (IBP), South Asia, 2008
- Gender Budget Analysis Training, Global Woman In Politics and The Asia Foundation, 2001
- Training of Public Expenditure Analysis, PATTIRO – World Bank, 2008

9. Expected capacity building

The capacities we expected to be build through the participation in the proposed research are:

- Strengthen our capacity to use and develop Public Expenditure Analysis as one tool of budget analysis. We currently have a close consultation with World Bank Indonesia on the use of this method, and developed it further to match better with the advocacy work. Our advocacy work need a more detail analysis from PEA, therefore we are in the middle of developing the method base on basic PEA method, and joining this project will give us another opportunity to develop it.
- Understanding better the use Benefit Incidence Analysis as another method to analyse pro-poor budget. We currently a lot of pro-poor budget advocacy work with several funding project, and expected to be a leading advocacy institution on such issue, but we need to build better capacity on analytical work and producing evidence-based policy recommendation.
- Understanding better the concept of Pro-poor Spending. Currently we are counted as one of the leading advocacy institution, which working closely with sub-national budget and expenditure issue, especially on issue such as pro-poor and gender budget. But we – as well as commonly experienced by other similar institution – had a lack of proper knowledge on the concept. Joining the project will give us opportunity to deepening our knowledge on the principal as well as the practical aspect of such issue.
- Strengthen our capacity to conduct the good quality research and strengthen our analytical capacity. As an institution previously work more on advocacy work, currently we are strengthening our capacity to conduct more research, and strengthening our staff analytical capacity, to be able to produce an evidence-based policy recommendation. Joining the project will give us opportunity to strengthening our experient on conduct a good quality research, and also strengthening the analytical capacity or our team project.

Specific tasks each team member would carry out in executing the project are:

Chitra Septyandrica, Lead Researcher

The Lead Researcher will be responsible for managing the team, making research desain and instrument, and will be responsible to present/discuss the findings in a workshop with the targeted stakeholder. She also will responsible to monitoring all the step of the research process.

Maya Rostanty and Ermy Ardyanti, Researcher

Both researcher will be responsible for collecting and analysing the data, and writing part of the report. Both researcher also will contribute on the dissemination event.

Dini Mentarie, Dissemination Coordination

She will be responsible on designing and executing the dissemination plan. She will also will include in the analysing the data and writing part of the report.

10. Any ethical, social, gender or environmental issues or risks that should be noted.

No ethical, social, gender or environemtal risk that we though would be present.

11. List of past, current or pending projects in related areas involving team members Name of funding institution, title of project, list of team members involved

- *Public Expenditure Analysis Free Basic Education on 15 Region in Indonesia*, Transparency and Accountability Project, Result 4 Development, 2009-2010 (Chitra, Maya, Ermy, Dini)
- *Spending Effectiveness and Accountability of Education Expenditure*, Transparency and Accountability Project, Brooking Institution & Result 4 Development, 2008 (Chitra, Dini)
- *Piloting CBMS on Pekalongan District*, IDRC-Smeru, 2008 (Chitra)
- *Advocacy of Gender Responsive Performance Based Budgeting (Second Edition)*, The Asia Foundation, 2008 (Maya)
- *Gender Budget Advocacy Program at Parepare District (South Sulawesi)*, The Asia Foundation, 2008 (Maya)
- *Local Budget Analysis Guidelines Manual*, BANGDA DEPDAGRI-The Asia Foundation, 2007 (Maya)
- *Impact Assessment of Gender Budget Advocacy*, Partnership for Governance Reform and Europe Union, 2006 (Maya)
- *Gender Budget Advocacy Program at Bone Municipal (South Sulawesi)*, The Asia Foundation, 2004 and 2005 (Maya)
- *Gender Budget Film*, The Asia Foudation, 2008 (Dini)
- *Sincronize on Planning and Budgeting Mechanism to Poverty Erradication and Rise Marginal Community Participation in Magelang District*, Ford Foundation, 2009-2010 (Chitra, Ermy)
- *Participatory Budgeting and Expenditure Tracking (PBET)*, NDI, 2008 (Maya, Ermy, Dini)
- *Civil Society Initiative on Advocacy Pro-Poor Policy*, The Asia Foundation, 2009-2010 (Maya, Ermy)