

Emergency public employment programs in Indonesia: a public policy perspective

Richard Curtain
Curtain Consulting, Melbourne
February 1999

E-mail address: RC@www.curtain-consulting.net.au
Webpage: www.curtain-consulting.net.au

AusAID commissioned a team of three consultants, Drs Townsend, Curtain and Remenyi to evaluate two emergency job creation programs in Indonesia in August-September 1998.¹ The evaluation covered the operation of the programs in five urban and peri urban areas. Our brief was not to evaluate program outcomes but to assess the effectiveness of administrative processes to achieve the programs' objectives.

Our evaluation showed that program design had a considerable impact on effectiveness. The second program with more objectives and involving another layer of bureaucracy was not as successful as the first program with a simpler set of objectives based on disbursing funds quickly to those most in need. However, we found in both programs that local community involvement helped to ensure that funding was directed to the neediest.

Background

The first Padat Karya program (PK1) was a 'crash' program of modest funding (Rp 42.1m) implemented between mid January and 31 March, 1998. It focused on the areas worst hit by the monetary crisis - 30 districts covering the urban areas of Java. Padat Karya 2 (PK2) had a much larger budget (Rp 52,564 m) and covered a range of special and regular public sector activities with the major emphasis on funding poverty alleviation activities.

Program objectives

PK 1's objectives were the rapid disbursement of income support to the most needy in a form that maximised the employment potential of the money spent. Providing funds only on the basis of work undertaken rather than a direct welfare payout had several benefits. Receiving a wage for community work helped to justify giving income support to some and not others. Another benefit may have been to encourage only the neediest to self select to offer themselves for the often dirty, low status work. A third, and probably the least important purpose, was to provide some benefit to the local community through activities such as cleaning drains and collecting rubbish.

Main findings

PK 1, on the evidence we collected, was successful in disbursing funds quickly (in many cases within less than a week) to the most needy which were defined through three filters, geographical

¹ 'Final Report of Review of Padat Karya implementation' Don Townsend, Richard Curtain and Joseph Remenyi (UNISEARCH Consultants of the University of New South Wales), with the help of Mohammed Najib (URDI), Widyonto Sutjipto (LPEM FEUI) and Jocevina Sembiring (Australian International School).

targeting, selection by local officials and self selection. We found in the six areas we visited no evidence of “leakage” or corruption in how the funds were disbursed. In some areas, local procedures for selecting the neediest were not effective. In several instances, we found evidence that students were employed. However in a number of cases, we also found evidence of village officials going beyond the program guidelines to ensure that the funds were distributed more widely than the number of jobs permitted. This was done by setting a maximum period of employment (one or two weeks) and rotating the work to a greater number of neediest.

One limitation of PK 1 was that it may have discouraged the employment of women. Transparency was also a weak feature of program design. Reliance was placed on the media to scrutinise the way funds were used. This, however, left the program exposed to often one-sided criticism as the only readily available information were critical media reports. This led to a perception that PK 1 was poorly implemented and was a key factor in the shift of control from Bappenas to the sector agencies for PK 2. PK 1, to get income support quickly to those suddenly out of work such as construction workers, directed funds to local government. Under PK2, the sector agencies added another layer of bureaucracy into the approval process. The result was considerable delays in the disbursement of funds.

We concluded that PK 1 offers a model for providing emergency income support to the most needy. PK 1 was able to disburse funds quickly by going directly to local government (district and city administration). It directed funds to the most needy by identifying the geographical areas of the greatest need. The nature of the activities funded, the low wage rate, job rotation in many instances and the local community scrutiny of who was offered the work meant that in the cases we examined the funds appeared to go to the neediest.

The issue of conflicting objectives

PK 2 was a more complex program because its size in terms of funding and the political context in which it operated. If we compare two outwardly similar sub programs (PK 1 and PK 2 subprogram kota/desa), there are significant differences in outcomes. PK 1 was quick to implement. PK 2, however, involved substantial delays. The later was caused by several factors. One cause of delay was the greater emphasis on selecting projects of ongoing benefit and targeting within each province to areas in greater need. The involvement of sectoral agencies through large coordination teams at provincial and district levels to vet activities and select appropriate areas to receive the funding built in substantial delays into the implementation process.

Another factor impeding rapid implementation was conflicting objectives. For example, the greater emphasis on activities with ongoing benefits conflicted in many cases with the labour intensity guideline. Similarly, in other instances, the emphasis on selecting “worthwhile” activities excluded peri urban villages that were particularly needy but failed to come up with a project that matched other projects in terms of ongoing benefits.

PK 2 subprogram kota/desa was directed at 215 districts in 27 provinces. This broader spread compared to PK 1 also meant that the objective of getting assistance to the most needy in terms of geographical locations was compromised for the sake of showing politically that provinces were being treated equitably. The use of sectoral agencies to implement the subprograms also appears to reflect more the bureaucratic balance of power at the expense of using local government which under PK1 showed itself to be an effective program operator. The Department of Labour had officers at the district level but not at the subdistrict level. The lack

of local knowledge of Department of Labour officials at the subdistrict level may have inhibited the effective targeting of areas. A more direct form of funding disbursement between the central government and local government could have improved the program's capacity to identify the neediest

Assessing effectiveness of program design: using World Bank criteria

The World Bank Note to the Meeting of Donors in Paris in June 1998 identified six key design issues for emergency public employment schemes. They are: geographical targeting, targeting to the most needy by self selection through a lower wage than the going market rate for unskilled labour; high level of labour intensity; local community control over project choice and implementation; participation by unemployed women and transparent processes for project selection, employment choice and expenditure. Another key design feature that needs to be added is rapid disbursement of funds. If speed is judged to be essential for reasons related to the urgency of the problem, then the speed with which the program is implemented is another key feature that program design has to facilitate.

One way to assess the effectiveness of Padet Karya programs is to rate them against these design criteria. This is done in the attached table, using the ratings applied by the three Australian and two Indonesian consultants who comprised the review team. The ratings show that PK 1 in terms of its design was rated highly in terms of its capacity to disburse funds quickly to areas most in need on activities with a high degree of labour intensity. Local community control over the choice of activities and the targeting of the poor through low wages to encourage self selection were judged to be less important features of its design. The least emphasised features of the design of PK 1 were judged to be the extent to which processes were transparent and the participation of women.

PK 2 consists of six subprograms grouped as special and regular. If the urban/rural activities (kota/desa) taken as the closest to the comparison with PK 1, the ratings suggest some major differences between the two, outwardly similar programs. Self targeting through low wages, labour intensity, local community participation in the selection of projects and speed of implementation are rated highly although in the case of the last three features not as highly as PK 1. Geographical targeting and transparency are rated as less important elements of the design of PK 2 subprogram kota/desa. Scope for the participation of women fares better than under PK 1 but is still judged to be the weakest feature of the design of the PK 2 kota/desa subprogram

Assessing effectiveness of program design: a public policy perspective

However, the World Bank design criteria offer a somewhat mechanical approach to assessing the effectiveness of the Padet Karya programs. This approach fails to take into account the range of pressures under which program implementers operate to achieve an outcome.

Another way to assess the effectiveness of the program's implementation derives from a public policy perspective. This perspective holds that any program implementation inevitably involves a degree of compromise between the design features specified by the original program designers as reflected in the guidelines and other imperatives to which program implementers are responding. This perspective also looks for the extent to which program objectives may conflict with each other both in terms of the guidelines and in practice.

Several propositions follow from this public policy perspective.

- The first proposition is that there are likely to be a range of objectives in a program, some of which will be explicit and others will be implicit. It is important to identify the range of objectives that those implementing the program see themselves responding to. Program success can only be properly judged in the light of all the objectives that program implementers at each level are pursuing.
- A second proposition is the more objectives a program has, the more likely that it is that some objectives will conflict with others.
- A third proposition is that the more that a program has objectives that conflict with each other, the less likely it is that any one objective will be achieved satisfactorily.
- A fourth proposition is that the larger the number of objectives to be met, the number of participants involved and the varying nature of their involvement, the greater the likelihood of delays in implementation and the likelihood of failure to achieve the program's major objectives.

Conclusions

We concluded from our evaluation that Padet Karya 1 offers a valuable model for an emergency public employment scheme. It was of modest funding (Rp 42.1 m) that aimed at providing a rapid disbursement of funds for income support to the most needy identified in terms of geographical location and self selection. An important feature of the PK 1 model was the direct disbursement of funds to local government.

Padet Karya 2, in contrast, had to contend with a greater range of objectives, many of which are in conflict with each other. It is a much larger program in terms of funding and more diverse in its objectives. There are six subprograms: three of which are designated as "special" or new in their focus (Rp 1,505 m) and three are designated as "regular" and are much closer to traditional public works activities, albeit with a greater emphasis on employment creation.

Padet Karya 2 in its subprograms had switched from the major emphasis, under PK 1, of providing income support quickly to those most in need. The emphasis in PK 2 was on not only income support for the most needy but also on funding activities that have some ongoing benefit.

Another, more implicit objective for PK 2 was a greater emphasis at the central and provincial levels of government on accountability. This objective reflects the new government's desire to distance itself from past practices by emphasising accountability through transparency.

However, a more important factor in explaining the greater emphasis on accountability at the central government level is likely to be the scrutiny of international agencies and donors. The funding for development in the Government's budget year was entirely based on loan finance. This means that agencies such as the World Bank and the ADB can place considerable pressure on Bappenas to make sure the money is spent on activities that can be justified in terms of the expenditure of loan funds. The more emphasis the international agencies and donor countries place on the Indonesian Government to fund poverty alleviation activities, less likely it is that a program such as Padet Karya will achieve its other objectives of getting income support to the neediest.

Other more implicit objectives PK 2 pursued were to provide a role for sectoral departments and to foster local Non Government Organisations. In the case of kota/desa subprogram, the implementation by the Department of Labour was at the expense of the close involvement of local government, particularly at the subdistrict (kecamatan) level. The emphasis on fostering non-government agencies in the civil society is a laudable aim but this objective may conflict with the objective of developing a responsive, decentralised local government structure.

PK 2, with its greater number and sometimes conflicting objectives to be met, its greater number of participants involved (large coordination committees at provincial and district levels) and the varying degree of involvement of the participants, produced an elongated decision path creating a substantial number of minor and moderate delays. While no one delay stood out as excessive, the combination of delays may keep the program from realising its potential.

Each consultant involved in the evaluation was asked to rate Program/subprogram in terms of how they thought it rated against each design feature. A rating of 10 is top score.

Table 1 Consultant teams rating of the relative importance of World Bank emergency job creation key design criteria for each of the Padet Karya Programs/subprograms reviewed

Key design criteria for Public Employment Schemes	PK1	PK2 Desa- kota	Pk2- Teram pril	PK2- Forestr y	Regula r Public works
1.Targeting by self selection through a lower wage than the going market rate for unskilled labour	5.6	7.8	3.2	6.4	2.9
2. High level of labour intensity	9.4	8.4	6.4	6.0	4.0
3. Local community control over project choice and implementation offers greater chance of achieving sustainable investments	5.2	7.0	4.6	5.2	5.0
4. Geographical targeting to areas affected by the crisis	9.2	5.8	4.8	5.4	4.6
5. Participation by unemployed women must be planned for and encouraged.	2.2	4.0	5.6	4.6	4.0
6. Transparency should apply to project selection, employment choice and expenditures	3.8	5.8	7.0	6.0	6.4
7. Implementation within specified time frame	9.0	7.0	4.2	4.8	5.6
Average	6.3	6.5	5.1	5.4	4.6