

Republic of Indonesia

FY2020 Ex-Post Evaluation Report of Technical Cooperation Project
The Project for Planning and Budgeting Reform for
the Performance-Based Budgeting System Implementation (Phases 1 & 2)

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0. Summary

This project was implemented to align the budget process with the improved methodology under the Performance-Based Budgeting (hereinafter referred to as PBB) and Medium-Term Expenditure Framework (hereinafter referred to as MTEF) systems at the National Development Planning Agency (hereinafter referred to as BAPPENAS) and the selected line ministries by enhancing the understanding of PBB for those concerned and improving the framework of national budget proposals and scrutiny. The project direction, which was aimed at promoting PBB implementation, sufficiently corresponded with the Indonesian policy and development needs, as well as Japan's aid policy, from the project planning stage to project completion. Thus, the relevance of the project is high. Although the understanding of those who were concerned on the PBB methodology up to project completion was mostly high, the intended outputs related to enhanced frameworks for budget proposals and scrutiny were not achieved, and achievement remained fair. Consequently, the achievement of the Project Purpose (i.e., implementation of the budgeting process in accordance with the improved methodology under PBB and MTEF systems at BAPPENAS and the selected line ministries) was fair. At the time of the ex-post evaluation, the achievement of the Overall Goal was also fair, and no negative impact has been observed. Thus, effectiveness and impacts are fair. Both the project cost and duration exceeded the plan. Hence, the project has fair efficiency. No major problems have been observed in the policy background or the institutional/organizational, technical, or financial aspects. Therefore, sustainability of the project effects is high. In light of the above, this project is evaluated to be satisfactory.

1. Project Description



Four selected provinces
and two selected regencies



A seminar conducted for
the government officers¹

1.1 Background

Indonesia's economy has been managed prudently since the aftermath of the Asian financial and economic crisis in 1997 and has developed steadily since then. On the other hand, it did not reach 7% annual growth, which was regarded as essential for further creation of employment opportunities and poverty reduction. One reason for this was insufficient investment. It may be that low policy feasibility of public institutions affected the predictability of private investment, which led to concerns about investment risk. As a background, it has been pointed out that insufficient management capacity of public institutions in finance and budget, lack of transparency, and inefficient execution of the budget played roles. More specifically, budgeting was implemented where there was no framework to link the *Medium-Term National Development Plan* (hereinafter referred to as *RPJMN*) with the annual budget plan. Additionally, resources were not allocated strategically because budgeting and budget control tended to be process-oriented instead of objective-oriented. These led to the difficulty in achieving the planned results. Furthermore, the enactment of the *Law on State Finances (2003)* and *Law on the National Development Planning System (2004)* required planning and budgeting in accordance with the framework of MTEF-PBB with clear linkage between the legal aspects of planning, budgeting and performance. Thus, the implementation of PBB was an urgent issue.

¹ Development Planning Seminar conducted during implementation period for the Indonesian government officers. The photo was taken at BAPPENAS in December 2014.

1.2 Project Outline

Table 1: Project Outline: Phase 1

Overall Goal		Budget allocation as an indicative ceiling by BAPPENAS is appropriately made under the PBB and the MTEF systems.
Project Purpose		BAPPENAS staff acquire concrete means to allocate funding to line ministries based on the performance evaluation results and national priorities under the MTEF.
Output	Output 1	BAPPENAS staff acquire the know-how on allocation of funding based on the performance evaluation results and national priorities.
Total cost (Japanese Side)		320 million yen
Period of Cooperation		May 2010 – February 2014 (3 years and 9 months) (including extended period: June 2013 – February 2014).
Target Area		Indonesia
Implementing Agency		BAPPENAS
Other Relevant Agencies/ Organizations		Local governments, central ministries, etc.
Consultant		Mitsubishi UFJ Research and Consulting Co., Ltd.
Related Projects		<p>Japanese ODA Loan</p> <ul style="list-style-type: none"> - The 5th Development Policy Loan (Loan Agreement concluded in 2009) <p>Other International Organizations and Donors</p> <ul style="list-style-type: none"> - Public Finance Management Program (World Bank, hereinafter referred to as WB) - Dispatch of experts (Australian Agency for International Development, hereinafter referred to as AusAID)

Table 2: Project Outline: Phase 2

Overall Goal		PBB is further operationalized in Indonesia.
Project Purpose		Framework of planning and budgeting reform is further enhanced.
Output(s)	Output 1	The quality of the result chain and KPI is improved in the selected line ministries.

	Output 2	Guiding framework for improving the quality of budget preparation documentation is enhanced.
	Output 3	Guiding framework for improving the quality of budget scrutiny is enhanced at BAPPENAS and the Ministry of Finance (hereinafter referred to as MOF)
	Output 4	The experiences and lessons learned for improvement of allocation and operational efficiency are shared by stakeholders.
	Output 5	A framework development for further elaborating PBB implementation system is facilitated.
Total cost (Japanese Side)		328 million yen
Period of Cooperation		September 2014 – November 2017 (3 years and 3 months) (including extension period: August 2017 - November 2017)
Target Area		Entire area of Indonesia
Implementing Agency		BAPPENAS (Directorate of Development Funding and Allocation)
Other Relevant Agencies/ Organizations		MOF, Ministry of Home Affairs, selected line ministries ² and selected local governments ³
Consultants		- International Development Center of Japan Incorporated - Mitsubishi UFJ Research and Consulting Co., Ltd.
Related Projects		Technical Cooperation - The Project for Planning and Budgeting Reform for the PBB System Implementation (Phase 1) in Indonesia (2010-2014) Japanese ODA Loan - The Development Policy Loan (2004 – 2013) Other International Organizations and Donors - Government Financial Management and Revenue Administration Project: GFMRAP (2004 – 2015) (WB) - Public Financial Management Multi-Donor Trust Fund (PFM-

² The seven selected line ministries are as follows: Ministry of Education and Culture, Ministry of Health, Ministry of Agriculture, Ministry of Public Works and Housing, Ministry of Environment and Forestry, Ministry of Law and Human Rights, Ministry of Marine Affairs and Fisheries. Ministry of Marine Affairs and Fisheries was included in March 2016 (*Project Completion Report of Phase 2*, hereinafter referred to as *PCR of Phase 2* [p4]).

³ The selected local governments are four provinces and two regencies, as follows: North Sumatra Province, Yogyakarta Special Province (selected in the 1st year), West Nusa Tenggara Province, Central Sulawesi Province, Wakatobi Regency, and Bima Regency (*PCR of Phase 2* [p4]).

	<p>MDTF) (WB, European Union, hereinafter referred to as EU, the government of the Netherlands)</p> <ul style="list-style-type: none"> - Government Partnership Fund (GPF) (the government of Australia) - Australia Indonesia Partnership for Economic Governance: AIPEG (the government of Australia)
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1.3 Outline of the Terminal Evaluation

The overview of the Terminal Evaluation result in Phase 1 was as follows. Terminal Evaluation was not conducted in Phase 2.

1.3.1 Achievement Status of Project Purpose at the Terminal Evaluation

The Project Purpose was evaluated to have been almost achieved. More specifically, the understanding of PBB methodology by staff of the Directorate of Development Funding and Allocation as well as the Directorate of Evaluation of BAPPENAS, the major target of the project, was enhanced. On the other hand, capacity development of staff at sector directorates (i.e., sections in charge for the line ministries) at BAPPENAS is indispensable for implementation of PBB and achievement of the Overall Goal.

1.3.2 Achievement Status of Overall Goal at the Terminal Evaluation (Including other impacts)

Actions have been smoothly carried out to achieve the Overall Goal. BAPPENAS had a plan to enhance implementation and dissemination for the sector directorates, and it was assessed that more effective implementation of PBB could be expected by taking continuous operational actions in the implementation process.

1.3.3 Recommendations from the Terminal Evaluation

The following recommendations were made at the Terminal Evaluation.

- (1) The necessity of Medium- and Long-term roadmaps and the involvement of local governments necessary to fully implement PBB
- (2) Implement trials of the draft guidelines for self-policy assessment for the full-scale implementation of PBB (short-term action)
- (3) The necessity of continuous efforts to further enhance the capacity of the relevant stakeholders (staff at the sector directorates and at the line ministries)
- (4) Improvement in selection process of trainees (the necessity of improving participant selection for the third-country training to make full use of the opportunity, if the project continues)

- (5) Dissemination of performance information to the public (improvement of government accountability by disseminating the evaluation result to the public upon introducing PBB in full scale)

2. Outline of the Evaluation Study

2.1 External Evaluator

Mayumi Hamada, Foundation for Advanced Studies on International Development

2.2 Duration of Evaluation Study

This ex-post evaluation study was conducted with the following schedule.

Duration of the Study: October 2020 – November 2021

Duration of the Field Study: February 8, 2021 – April 23, 2021

July 22, 2021 – August 13, 2021

2.3 Constraints during the Evaluation Study

Due to the prevalence of COVID-19, the planned 1st and the 2nd field surveys had to be cancelled and switched to remote information collection through the local consultant. The local stakeholders increasingly began to work at home, making it difficult to make appointments for offline meetings. It was necessary for the local consultant to be inspected several times, because a negative COVID-19 test result was required for offline meetings occasionally. Under these circumstances, this took more time than it normally would have. In local governments that the regulation did not allow the local consultant to visit, online interviews were conducted instead.

3. Results of the Evaluation (Overall Rating: A/B/C/D⁴)

3.1 Relevance (Rating: ③⁵)

3.1.1 Consistency with the Development Plan of Indonesia

The promotion of MTEF-PBB was consistent with the direction shown by *The Jakarta Commitment* (2009), in which the government of Indonesia (hereinafter referred to as GOI) and 22 donor agencies confirmed ownership of development and commitment among the stakeholders to enhancing aid effectiveness. Also, *Planning and Budgeting System Reform*, which consisted of three phases (2005 – 2009 Introductory Stage, 2010 – 2014 Strengthening Framework, and 2015 – 2019 Improving Framework), aimed to synchronize medium-term development planning and annual development planning with budgeting and control. Thus, the promotion of MTEF-PBB was consistent with the

⁴ A: Highly satisfactory, B: Satisfactory, C: Partially satisfactory, D: Unsatisfactory

⁵ ③: High, ②: Fair, ①: Low

Indonesian policy at the time of planning.

Upon issuance of Presidential Decree No. 17/2017 in 2017, development planning and budgeting changed from “Money Follows Function” (budget allocation based on function/section) to the “Money Follows Program” (budget allocation based on program/project). However, there was no change in the sense that it was still based on PBB.

As stated above, the project’s direction to promote PBB implementation was consistent with the GOI’s policy from the planning stage until project completion.

3.1.2 Consistency with the Development Needs of Indonesia

Indonesia’s *State Financial Law* (2003) and *State Development Planning System Law* (2004) requires planning and budgeting in line with the framework of MTEF-PBB, with a clear linkage among planning, budgeting, and performance. Thus, budgeting based on PBB was an urgent issue. BAPPENAS reflected the National Priorities in the *RPJMN* and international commitment to the annual plan and budgeting. However, the government did not budget based on performance, which incorporates performance evaluation from past projects and output objectives⁶.

At the time of project completion, there had been no change in the *State Financial Law* or *State Development Planning System Law* mentioned above⁷. Furthermore, at the time of ex-post evaluation, the selected line ministries were asked about their needs during the project period to strengthen the linkage between the government’s planning and budgeting according to a 5-level rating. Out of the seven ministries, three rated the needs as 5 (very high) and four rated as 4 (high).

Thus, the MTEF-PBB framework, with clear links among planning, budgeting, and performance, was required from project planning to completion and matched the development needs.

3.1.3 Consistency with Japan’s ODA Policy

The Country Assistance Program for Indonesia (2004) by the Ministry of Foreign Affairs adopted it as a direction to support “securing financial sustainability” and promote “sustainable growth with initiatives by the private sector,” which was one of the key targets, as well as “enhancement of comprehensive coordination function” for BAPPENAS. Thus, the project’s direction to strengthen BAPPENAS’ comprehensive coordination function to secure financial sustainability was consistent with the Japanese aid policy at the time of planning.

⁶ The ex-ante evaluation sheet of Phase 1 (p1)

⁷ *PCR of Phase 2* (p1)

3.1.4 Appropriateness of the Project Plan and Approach

Phase 2 was designed to focus on strengthening the framework to improve the quality of budget proposals of the new initiatives (Output 2) and scrutinize these budget proposals (Output 3). However, BAPPENAS stopped accepting budget proposals for the new initiatives after 2015 because the GOI could not implement programs for new initiatives due to a revenue shortage, among other factors. From 2016 to 2017, the GOI's trials and errors concerning the system for budget allocation continued⁸. The JICA expert team tried to cope with the counterpart's requests flexibly without limiting the activities to those initially planned, but interpreting them in a broad sense⁹.

In Output 3 of Phase 2, support for the MOF was planned in addition to BAPPENAS. However, some of the activities planned as premises for cooperation from the MOF (such as those for improving the quality of costing, as well as cost-benefit analysis) stopped after October 2015, because it became difficult to have the participation of MOF in the project activities. Consequently, Outputs 2 and 3 were not achieved. As for the achievement of the Project Purpose by project completion, it remained fair¹⁰ because the indicators related to the above (Outputs 2, 3, and 4) became obstructive factors.

However, it is not assessed that there was a serious problem in the plan or approach because of the following reasons. The initial plan included some activities for which the MOF's cooperation (such as sharing internal documents) was indispensable. Some might say that the plan was a little bit ambitious, considering the past relationship between MOF and BAPPENAS. However, the plan cannot be assessed as unrealistic, because the relationship between the two ministries has improved due to Presidential Decree No. 17/2017 in 2017, as explained later in the clause "Institutional/Organizational Aspect for the Sustainability of Project Effects" (3.4.2).

Besides, the activities mentioned above related to the MOF were not clearly indicated in the Output and its activities of the Project Design Matrix (PDM) and *Project Completion Report (PCR)*, but at the output level, a guiding framework for improving the quality of budget scrutiny was expected at the MOF in addition to BAPPENAS. According to a JICA staff member who was involved with the project in the past, it was not actually intended for the project to change the framework at the MOF. It was not appropriate to describe an output including an aspect that was not intended when the PDM was formulated, because it is confusing. However, it was not so serious, as it did not result in significant negative influence

⁸ BAPPENAS introduced the concept of the National Priorities in 2016 and decided to scrutinize the budgets based on the expected level of contribution to the National Priorities, regardless of new or existing projects. Furthermore, the concept of "the National Priority Projects," which links with the National Priorities, was introduced in 2017, thus requiring the line ministries to show the linkage with the National Priorities in their planning and budgeting documents.

⁹ *PCR of Phase 2* (pp12-13, 36)

¹⁰ *PCR of Phase 2* (pp12-15, 33-34, 43-44)

against the emergence of effects.

During the implementation period, the initial plan had to be modified due to the change of Indonesian policy and decreased participation of the MOF. However, JICA experts tried to flexibly cope with the implementation of the organization's needs, and there was no problem in the approach during implementation.

Based on the above, this project was highly relevant to the country's development plan and needs, as well as Japan's ODA policy. Therefore, its relevance is high.

3.2 Effectiveness and Impact¹¹ (Rating: ②)

3.2.1 Effectiveness

To evaluate Phases 1 and 2 in an integrated manner, the Project Purpose of Phase 1 was treated as one of the outputs of Phase 2 in the entire project plan, because it is regarded as one of the means to achieve the Project Purpose of Phase 2.

On the other hand, some problems are observed in the logic of the PDM for Phases 1 and 2 as follows. 1) For Phase 1, the Project Purpose and the Outputs are not in a "means-and-ends (or cause and effects) relationship," and it is possible that the Project Purpose and the Outputs describe the same thing in different ways. 2) For Phase 2, the Project Purpose and the Outputs are not in a "means-and-ends (or cause and effects) relationship," and it is possible that the Project Purpose is a summary of the outputs (i.e., all the outputs are summarized into one sentence). 3) For both Phases' PDM, some indicators are inappropriate to measure the objectives.

Consequently, after realigning some parts of both phases' PDM, a PDM for evaluating both phases in an integrated manner was established as follows (the indicators are as per Table 4 to 6). In aligning the PDM, the existing PDM was respected as much as possible, and the revision was limited to the points crucial for the evaluation, such as problematic logic. Some additions, which can be assumed as the plan's intention, were made while paying attention to the logical relationship. It was agreed upon by the related JICA departments when establishing the evaluation principle.

¹¹ Sub-rating for Effectiveness is to be put with consideration of Impact.

Table 3: PDM for Evaluation for Integrated Manner (Narrative Summary)

Overall Goal	PBB is further operationalized in Indonesia.
Project Purpose	The budgeting process is implemented in accordance with the improved methodology under PBB and MTEF systems at BAPPENAS and selected line ministries.
Output 1	BAPPENAS staff's understanding of concrete methodology to allocate funding to line ministries based on the performance evaluation results and national priorities under MTEF is enhanced.
Output 2	Understanding of the result chain and KPIs is improved in the selected line ministries.
Output 3	Guiding framework for improving the quality of budget preparation documentation is enhanced.
Output 4	Guiding framework for improving the quality of budget scrutiny is enhanced at BAPPENAS and the MOF.
Output 5	The experiences and lessons learned for improvement of allocation and operational efficiency are shared by stakeholders.
Output 6	Solutions to critical topics for further elaborating on the MTEF-PBB implementation system are presented.

3.2.1.1 Project Output

The indicators and the achievement status of the outputs at the time of the project's completion is shown in Table 4.

The achievement of Output 1 (BAPPENAS staff's understanding on the methodology) is fair, and the achievement of Output 2 (understanding of result chain and KPIs by the selected line ministries) was high. Output 5 (sharing experiences and lessons learned among the stakeholders) and Output 6 (presentation of possible solutions to critical topics) were achieved. On the other hand, achievement of Output 3 (enhancement of guiding framework for improving the quality of budget preparation documents) and Output 4 (enhancement of guiding framework for improving the quality of budget scrutiny) was low.

Although an understanding of the methodology (Outputs 1 & 2) was mostly achieved, the framework based on it (Outputs 3 & 4) was not sufficiently improved. The major reasons why the latter was not achieved are as follows. Some of the activities (such as those for improvement of quality of costing as well as appropriate cost-benefit analysis when necessary) could not be implemented because of the policy change (i.e., suspension of accepting budget proposals for the new initiatives due to financial reasons and introduction of the National Priority projects), decreased MOF's participation, and failed coordination

Table 4: Achievement of Outputs (by Project Completion)

Output	Indicator	Achievement	Achievement Level
Output 1: BAPPENAS staff's understanding on concrete methodology to allocate funding to line ministries based on the performance evaluation results and national priorities under MTEF is enhanced. (F)	1-1 BAPPENAS staff's understanding on the concrete methodology of; a) performance indicators/target setting, b) evaluation methods/practices, c) budget allocation based on the performance evaluation results and d) the analysis and evaluation of new initiative proposals	<ul style="list-style-type: none"> When Phase 2 of the project commenced, BAPPENAS requested that the JICA Team enhance the BAPPENAS staff's understanding of the framework of PBB, since some of them still had insufficient understanding (<i>Project Completion Report, Phase 2</i> p7). Thus, it is considered the BAPPENAS staff's understanding to be insufficient at the completion of Phase 1. Although the outputs were planned to be achieved by project completion of Phase 1, the achievement of this output was delayed. The level of understanding by the end of Phase 2 (2017) is assessed to be approximately 70% in terms of (a) performance indicators/target setting, (b) evaluation methods/practices, (c) budget allocation based on performance evaluation results and (d) the analysis and evaluation of new initiative proposals (Questionnaire to the implementing organization). 	F
Output 2: Understanding on the result-chain and KPIs is improved in the selected line ministries. (H)	2-1 Change in understanding on the result-chain and KPIs in the selected line ministries.	<ul style="list-style-type: none"> The staff at the selected line ministries deepened their understanding of the PBB framework by attending MTEF-PBB seminars, providing comments to the draft PBB guideline, joining tasks for analyzing methodologies to improve planning documents, and so on (<i>Project Completion Report, Phase 2</i> p39). 	H
Output 3: Guiding framework for improving the quality of budget preparation documentation is enhanced. (L)	3-1 The guidelines on new initiatives are revised.	<ul style="list-style-type: none"> Although the JICA Team submitted a recommendation paper to revise the new initiative guidelines as planned in April 2015, BAPPENAS did not proceed with the revision of the guidelines afterwards. This was because the government of Indonesia, due to financial shortage, decided not to accept budget proposals since 2015 for new initiatives (<i>Project Completion Report, Phase 2</i> p12). In 2017, BAPPENAS newly requested to develop <i>the Guideline for National Priority Projects</i> concerning planning projects by the ministries and their scrutiny, although it was not included in the initial project plan. Based on this request, the project deadline was extended until October 2017. The draft was developed and submitted to the Directorate of Development Budget Allocation in October 2017. BAPPENAS planned to finalize it after project completion, and distribute it to the ministries with the attached list of standardized outcome indicators (<i>Project Completion Report, Phase 2</i> pp13-14, p48). 	F
	3-2 Budget preparation process is standardized in the selected line ministries in accordance with the relevant rules and regulations.	<ul style="list-style-type: none"> Due to the circumstances mentioned above (3-1), standardization of the budgeting process at the selected ministries through the project activity was not implemented (<i>Project Completion Report, Phase 2</i> pp12-14). 	L
	3-3 Budget preparation format is standardized in the selected line ministries in accordance with the relevant rules and regulations.	<ul style="list-style-type: none"> Due to the circumstances mentioned above (3-1), standardization of formats for budget proposals at the selected ministries through project activity was not implemented (<i>Project Completion Report, Phase 2</i> pp12-14). 	L
	3-4 Type of information and description in the budget proposals is standardized in the selected line ministries in accordance with the relevant rules and regulations.	<ul style="list-style-type: none"> In a nod to the importance of developing a standard list of output and outcome descriptions in the budget proposals, discussions were made with Australian experts at MOF in 2015, and a draft of the standard list of outputs was developed. It was presented at the 3rd MTEF-PBB Seminar. However, the list was not utilized by the completion of the project (<i>Project Completion Report, Phase 2</i> p42). 	L

Output 4: Guiding framework for improving the quality of budget scrutiny is enhanced at BAPPENAS and MOF. (L)	4-1	Budget scrutiny process is standardized in BAPPENAS in accordance with the relevant rules and regulations.	<ul style="list-style-type: none"> The project supported software development for budgeting, which was financed by the AIPEG Project, Australia, so that the classification framework for outcomes will be aligned to the Classification of the Functions of Government (COFOG) designated by the United Nations (<i>Project Completion Report, Phase 2</i> p14). 	F
	4-2	Guidelines of checkpoints of budget scrutiny for BAPPENAS officers (sector directorates and the Directorate of Development Funding Allocation) are developed.	<ul style="list-style-type: none"> Although a discussion paper on budget scrutiny was developed and distributed, a guideline for the essential points of budget scrutiny was not developed (<i>Project Completion Report, Phase 2</i>). 	L
Output 5: The experiences and lessons learnt for improvement of allocation and operational efficiency are shared by stakeholders. (H)	5-1	Opportunities for sharing experiences and lessons learnt are continuously arranged in the areas of allocation and operational efficiency.	<ul style="list-style-type: none"> Four experience-sharing seminars were conducted at the national level in Jakarta for the central government to learn MTEF-PBB from experiences and lessons of the third countries. In addition, a total of six experience-sharing seminars in the selected provinces were held in North Sumatra Province, Yogyakarta Special Province, West Nusa Tenggara Province, Wakatobi Regency in South-east Sulawesi Province, and Bima Regency in West Nusa Tenggara Province. The purpose of these seminars was to increase understanding of the transition to MTEF-PBB at the central government level, and to ensure consistency in the policy priorities of the central government for providing a series of opportunities for experience-sharing (half day to one day each) (<i>Project Completion Report, Phase 2</i> pp15-20). 	H
	5-2	Topics are covered in the opportunities 5-1 above properly (e.g. means for ensuring aggregate fiscal discipline, allocation efficiency and operational efficiency)	<ul style="list-style-type: none"> The selection of topics for the above experience-sharing seminars was deemed appropriate because the topics were aligned with the direction required by the Directorate of Development Funding and Allocation, BAPPENAS (Questionnaire to the implementing organization). 	H
Output 6: Solutions of critical topics for further elaborating PBB implementation system are presented. (H)	6-1	Number of topics for which possible solutions were suggested	<ul style="list-style-type: none"> In accordance with the four topics (i.e., performance evaluation, basic data review, decision on budgeting based on the budget proposals for new initiatives, and budget allocation based on the national priorities), issues on promoting PBB were verified and possible solutions were presented (Questionnaire to the implementing organization). 	H
	6-2	The extent of usefulness of the possible solutions	<ul style="list-style-type: none"> The possible solutions presented were effective, shared by the directorates of sectors at BAPPENAS, and utilized as reference information to compile as an indicative ceiling (Questionnaire to the implementing organization). With regard to the standardization of outcomes, NOICS (the National Outcome Indicator Classification System) was developed and presented at the seventh MTEF-PBB Seminar in December 2016. SISDUR at BAPPENAS planned to take control of NOICS (<i>Project Completion Report, Phase 2</i> p42). The Minister of BAPPENAS requested integration of the processes of planning with monitoring and evaluation, and the JICA Team supported this so far. However, visible results were not seen by the project completion (<i>Project Completion Report, Phase 2</i> p45). 	H

Source: *Project Completion Report, Phase 2*, Questionnaire and Interview to the implementing organization

Remarks: The marks shown in the Achievement Level column indicate the following.

H: High (achieved by 80% and above) F: Fair (50% - 79%) L: Low (Less than 50%)

between BAPPENAS and the MOF on the enhancement of the standardization of budget proposals.

In relation to Output 3, the National Priorities in 2016 and the National Priority Projects in 2017 were newly added to the national framework. Consequently, the ministries were required to appropriately indicate the linkage between the programs and the outcome indicators in the planning and budget documents so as to clearly specify the linkage between the program and national priority projects. To realize this, development of *The National Priority Project Guideline* was requested, and its draft was submitted in October 2017¹². The development of the guideline planned in Output 3, as well as standardization of the process, format, and type of information and description of the budget proposals (Indicator 1 – Indicator 4) was not achieved. However, the development of *The National Priority Project Guideline* mentioned above, which was added to the project plan, was in line with the objective of Output 3. Thus, the achievement of Indicator 1 is fair. The draft of the above guideline was planned to be finalized and disseminated by the Directorate of Development Funding and Allocation of BAPPENAS, and utilized for formulating *the Annual Work Plan (Renja)* by the ministries for Fiscal Year 2019¹³, although it was not finalized by the project's completion¹⁴.

Concerning Output 4, some activities were planned to enhance quality of costing and improvement of cost-benefit analysis when necessary on the premise of cooperation from the MOF for Output 3¹⁵. However, these activities could not be implemented because the MOF's participation could not be gained during the implementation period. As a result, the achievement of Output 3 was low. *The National Priority Project Guideline* was intended to be utilized not only for the project planning by the ministries but also for budget scrutiny. Therefore, it can be understood that the guideline would help improve the quality of the budget scrutiny. Besides, there is no description of the MOF in the indicator, although both BAPPENAS and MOF are indicated in Output 3 of the PDM for Phase 2. As a result of confirmation to concerned JICA staff, it was clarified that the MOF was neither included in the expected users of the guideline to be developed nor in the framework of budget scrutiny to be enhanced by the project. Therefore, the enhancement status of the framework of budget scrutiny at the MOF is not assessed in this analysis. However, it was not appropriate to describe the name of an organization that was not actually intended to be the target in the output of the PDM in the planning stage because it leads to confusion.

Regarding collaboration with other donors, close collaboration took place with the experts of AIPEG, Australia during the implementation period. Specifically, in setting the

¹² PCR of Phase 2 (pp12-13, 43) and Questionnaire to the implementing organization

¹³ PCR of Phase 2 (p48)

¹⁴ Questionnaire to the implementing organization

¹⁵ Output 2 of the PDM for Phase 2

standards for description of outputs and outcomes in the budget document in relation to Output 3, a series of discussions took place with Australian experts at MOF in 2015, and a draft of the standard list of output descriptions was developed, incorporating the results of those discussions. Moreover, in relation to Output 4, this project supported the AIPEG Project in developing budget software to align the outcome-category framework with “Classification of the functions of government” (called COFOG), designated by the United Nations¹⁶. Both AIPEG’s expert team to support the MOF and JICA’s expert team to support BAPPENAS supported the planning and budgeting reform for Indonesia. They even shared the same house provided by the GOI for their project offices. Thus, they enjoyed very favorable relationship, in which they routinely exchanged views and information on the progress of the reform and so on¹⁷. This led to the practical collaboration mentioned above.

Based on the above, achievement of outputs by project completion is fair.

3.2.1.2 Achievement of Project Purpose

The achievement status of the Project Purpose at the time of the project’s completion is shown in Table 5.

The Project Purpose (budgeting process is implemented in accordance with the improved methodology under PBB and MTEF systems at BAPPENAS and the selected line ministries) was that the standardized and improved methodology at the output level would be actually implemented by BAPPENAS and the selected line ministries. Among the three indicators, Indicator 2 (the ratio of budget proposals produced in accordance with the process, formats and description standardized by the project) and Indicator 3 (the ratio of budget scrutiny conducted in accordance with the developed guidelines of checkpoints of budget scrutiny) were not achieved, although the achievement of Indicator 1 (the ratio of the result chains and KPIs that are appropriately established) was high. The achievement of the reference indicator (improvement of the quality of budget proposals produced by the selected line ministries) was also low. The major reason for the low achievement of the above was that Outputs 3 and 4 concerning the enhancement of the framework were not achieved.

Based on the above, achievement of the Project Purpose by project completion is fair.

As stated above, the achievement of the Project Purpose and outputs by project completion was fair. As for the achievement status of the indicators for the Project Purpose,

¹⁶ PCR of Phase 2 (p14, 42)

¹⁷ PCR of Phase 2 (p33)

Table 5: Achievement of Project Purpose (by Project Completion)

Project Purpose	Indicator	Achievement	Achievement Level
Budgeting process is implemented in accordance with the improved methodology under PBB and the Medium-Term Expenditure Framework (MTEF) system at BAPPENAS and the selected line ministries. (F)	1 The ratio of the result chains and KPIs which are appropriately established at BAPPENAS sector directorates and the selected line ministries.	<ul style="list-style-type: none"> By project completion, approximately 80% of both the result chains and KPIs were appropriately established (Questionnaire to the implementing organization). As a result of various activities for the sake of appropriate description of outputs and outcomes, as well as improvement of KPIs, frameworks for performance measurement at the central ministries were significantly improved. Improvement was observed in the above description at the selected line ministries by 2017 (<i>Project Completion Report, Phase 2</i> P44). Among the 7 selected line ministries, analysis of Renja of the Ministry of Agriculture and the Ministry of Justice and Human Rights was implemented by the project to measure the effects of practical consultation at selected directorates. Through this activity, the way of describing output was improved. However, it was pointed out that there was room for improvement in terms of achievement indicators because they do not cover all four factors--that is, quantity, quality, timeliness, and cost (<i>Project Completion Report, Phase 2</i> pp40-41). 	H
	2 The ratio of budget proposals produced in accordance with the process, formats and description which were standardized by the project in the selected line ministries and BAPPENAS.	<ul style="list-style-type: none"> The draft of the budget guideline for new initiatives was not finalized by BAPPENAS before project completion. Consequently, budgeting based on this guideline was not conducted. The lists of outputs and outcomes suggested in the project were not applied to the budget proposals by the selected line ministries and BAPPENAS before project completion (<i>Project Completion Report, Phase 2</i>). <i>The National Priorities Project Guideline</i> was submitted to BAPPENAS in October 2017. However, it was not finalized by BAPPENAS before project completion (<i>Project Completion Report, Phase 2</i> p43). 	L
	3 The ratio of budget scrutiny conducted in accordance with the Guidelines of checkpoints of budget scrutiny for BAPPENAS officers (sector directorates and the Directorate of Development Funding Allocation)	<ul style="list-style-type: none"> The guideline for budget scrutiny was not developed before project completion. Consequently, budget scrutiny based on the planned guideline was not conducted (<i>Project Completion Report, Phase 2</i> pp14-15). 	L
	4 Reference: The quality of budget proposals produced by the selected line ministries is improved in PBB context. The specific details are as follows. (1) The new initiatives are justified properly (e.g. how to justify the necessity of the new initiatives in the relevant result-chains, how to use KPIs to justify the necessity, what the expected achievements by the new initiatives are, what the expected activities to achieve those goals are, etc.) (2) The quality of costing is improved (e.g. the cost standard designated by MOF is used properly. The quantity of input is set more properly, etc.). (3) Cost benefit analysis is conducted properly when necessary.	<p>Reference:</p> <p>(1) It is reported that qualitative improvement of budget proposals by the selected ministries was barely achieved before project completion (<i>Project Completion Report, Phase 2</i> p43).</p> <p>As for (2) and (3), improvements in both quality of costing and cost benefit analysis were expected through activities based on the assumption of cooperation from the MOF. These activities were not implemented because MOF stopped its participation (<i>Project Completion Report, Phase 2</i> p43). Consequently, no improvement was made in the project on these points.</p>	L

Source: *Project Completion Report, Phase 2*, Questionnaire and Interview to the implementing organization

Remarks: The marks shown in the Achievement Level column indicate the following.

H: High (achieved by 80% and above) F: Fair (50% - 79%) L: Low (Less than 50%)

the effects resulting from the outputs for understanding the methodology (Outputs 1 & 2), the achievement of which was high, became contributing factors, while the effects from the outputs for enhancement of the framework (Outputs 3 & 4), the achievement of which was low, became hindering factors. Therefore, effectiveness is fair.

3.2.2 Impact

3.2.2.1 Achievement of Overall Goal

(1) Achievement of Overall Goal

The achievement status of the Overall Goal at the time of the ex-post evaluation is shown in Table 6.

Table 6: Achievement of Overall Goal (at the time of the Ex-post Evaluation)

Overall Goal	Indicator	Achievement	Achievement Level
Performance-based Budgeting (PBB) is further operationalized in Indonesia. (F)	1 MTEF-PBB linkage is enhanced more (i.e., continued progress of creating fiscal space, use of PBB for budget allocation).	<ul style="list-style-type: none"> The MTEF-PBB linkage is further enhanced at the time of the ex-post evaluation. Strengthening PBB is one of the major objectives of the Planning and Budgeting System Redesign of 2021. It is the second phase of the reform of planning and budgeting (Questionnaire to the implementing organization). The responses from the implementing organization to the questionnaire indicate that the fiscal space has been continuously created due to improvement of quality in budget utilization (budget allocation based on priorities), although data was not available. However, improvement in the quality of budget utilization is not always brought by strengthened MTEF-PBB linkage, and it does not necessarily mean the promotion of PBB. Thus, this indicator is not utilized for the assessment of the overall goal. The answer from the implementing organization to the questionnaire indicates that use of PBB for budget allocation has been promoted, but data was not available. <p>Hence, although information was received from the implementing organization that MTEF-PBB linkage has been strengthened and utilization of PBB for budget allocation has been promoted, supporting data was not available. Thus, the extent to which PBB has been utilized for budget allocation could not be confirmed.</p>	F
	2 Reference: - The number and the ratio of all the programs for which increase or decrease of the budget was decided based on the performance evaluation results and the National Priority at the Indonesian government	<ul style="list-style-type: none"> In 2018 (the latest year for which data is available), the budget increase or decrease was decided based on the results of the performance evaluation and the National Priorities for 272 programs--that is, 64% of all the programs in line ministries. The amount was 446,803,286 million rupiah, a 57.2% share of the total expenditures of the line ministries (Response from the implementing organization). 	F

Source: *Project Completion Report, Phase 2*, Questionnaire and Interview to the implementing organization

Remarks: The marks shown in the Achievement Level column indicate the following.

H: High (achieved by 80% and above) F: Fair (50% - 79%) L: Low (Less than 50%)

There is one indicator and two reference indicators for the Overall Goal (PBB is further operationalized in Indonesia). However, Indicator 1 (enhanced MTEF-PBB linkage)

was not specific enough; more specific contents were described as “continued progress of creating fiscal space” and “use of PBB for budget allocation.” At the time of ex-post evaluation, although the reply from the implementation organization indicated that the direction toward linkage of MTEF and PBB has been strengthened and the use of PBB for budget allocation was enhanced, supporting data was not obtained. As a result, it could not be confirmed to what extent the budget allocation based on PBB progressed. Thus, the achievement of the Overall Goal at the time of the ex-post evaluation is fair.

Also, as the result of examining the reference indicator (changes such as budget allocation for new projects are created annually, or the result of performance assessment is reflected in the budget allocation as confirmed in a formal government document), this indicator was not included in the analysis due to the following reasons.

- 1) “Budget allocation for new projects created annually” is not necessarily brought by the strengthened linkage between MTEF and PBB.
- 2) “The result of performance assessment is reflected in budget allocation” is already included in Indicator 1.
- 3) “Confirmed in a formal government document” is not an independent indicator but means of verification for indicator data.

As for Reference Indicator 2 (the number and the ratio of all the programs for which an increased or decreased budget was decided based on the performance evaluation results and National Priority of the GOI), increased or decreased budgets for 272 programs (i.e., 64% of all the programs at the ministries) were decided based on the performance evaluation results and the National Priority in Fiscal Year 2018 (the latest year when the data was available). The amount was 446,803,286 million rupiah, which shared 57.2% of the total expenditure of the line ministries¹⁸. Therefore, the achievement of this reference indicator is fair.

In 2016, the Minister of BAPPENAS instructed integration of the monitoring and planning data bases, and the Data Center of BAPPENAS was going to undertake the task¹⁹. At the time of the ex-post evaluation, the two data bases were not fully integrated—the process was ongoing²⁰. This point is regarded as a possible hindering factor against the achievement of the Overall Goal, but sufficient information was not obtained on the extent of its influence.

Therefore, the achievement of the Overall Goal is fair because the achievement of both indicators is fair.

¹⁸ Interview to the implementing organization

¹⁹ *PCR of Phase 2* (p47)

²⁰ Questionnaire to the implementing organization

(2) Continuation of Outputs and Project Purpose

The continuation status of outputs after the project completion up to the ex-post evaluation is as follows.

The staff's understanding of the methodology at the implementing organization (Output 1) is approximately 80%²¹, and it is regarded as high, just like the level of the understanding by the staff at the selected line ministries on the result chain and KPIs²² (Output 2). As for Output 3 (enhancement of the guiding framework for improving the quality of budget preparation documentation), *the National Priority Project Guideline* — the draft of which was developed during the project — was finalized in 2018, one year after project completion, and was positioned as the formal guideline by the Ministerial Decree of BAPPENAS No. 13/2018 in the Procedure in Managing Prioritized Projects. It is said that the document's format was improved through Presidential Decree No.17/2017 and Ministerial Decree No. 13/2018 mentioned above²³. Specific information was not obtained regarding to what extent the project's effects contributed to it. According to BAPPENAS, however, its relationship with the project is high because some counterpart staff members were involved in drafting No.17/2017, and their understanding of PBB acquired through the project was reflected in the policy²⁴.

On the other hand, PBB has been further strengthened by the *Redesign of the Planning and Budgeting System (RSPP)* starting from 2021, and the Joint Circulation Letter of BAPPENAS and the MOF was dispatched to the related ministries, requesting to promote alignment of program formulation, activity plan, and budget documents. This Circulation Letter indicates the guideline developed in June 2020, and the ministries were required to utilize the guideline from Fiscal Year 2021. Although there is no document showing a direct relationship with this project, the basic way of thinking in the guideline is in line with that of the PBB, which was promoted by the project. Therefore, the continuation of Output 3 after project completion is high. Although the experience-sharing seminars between the central ministries and local governments have not continued, knowledge has been shared as a part of ordinary guidance²⁵. Hence, the continuation of Output 5 is fair. Clear information was not obtained on the utilization status of the Discussion Paper developed to enhance the framework for budget scrutiny of Output 4, as well as on the specific status of Output 6. Thus, the continuation of project outputs is fair.

Regarding the continuation of the Project Purpose after project completion, the

²¹ Questionnaire to the implementing organization

²² In the questionnaire to the implementing organization, the level of understanding on the result chain and KPIs was covered in five levels, and the reply was the 2nd from the best

²³ Questionnaire to the implementing organization

²⁴ Interview to the implementing organization

²⁵ Interview to the selected local government

selected line ministries recognize that the percentage of the appropriately established result chains (Indicator 1) is between 70% and 90%²⁶. Some of the ministries mentioned that the ratio improved even compared with 2017, the year of project completion. Concerning KPIs, the response was also between 70% and 90%, stating it was the same as the project completion year, or it improved after project completion²⁷. As for the ratio of budget proposals produced in accordance with the standardized process, format, and description (Indicator 2), the selected line ministries were asked to evaluate it in 5 levels, and their responses were either 5 (the highest) or 4²⁸. Concerning the implementation of budget scrutiny in accordance with the guideline (Indicator 3), the guideline originally planned was not developed during the implementation period. However, specific information was not obtained on the development status after project completion. The ratio of proposals in which new initiatives were appropriately justified (Indicator 4 (reference indicator)) varies depending on the ministry; a specific tendency was not found²⁹. Thus, the continuation of the Project Purpose at the time of the ex-post evaluation is fair.

Therefore, the continuation of the Outputs and the Project Purpose at the time of the ex-post evaluation is assessed to be fair. As stated above, it became a hindering factor against the achievement of the Project Purpose that the outputs related to enhancing the framework (Outputs 3 & 4) were not achieved during the implementing period. It also partially affected the achievement of the Overall Goal negatively.

3.2.2.2 Other Positive and Negative Impacts

No impact on the natural environment was observed, and no relocation of residents or land acquisition was caused by the project. Concerning other indirect effects, no negative impact was observed.

As stated above, although the implementing organization could conceive that the linkage between MTEF and PBB was strengthened and the introduction of the PBB in budget allocation was enhanced, the supporting data was not available. Thus, the extent to which the budget allocation was enhanced could not be confirmed. Also, budget increases or decreases were decided based on the performance evaluations and national priorities (for approximately 60% of the programs) by the ministries. Thus, the achievement of the Overall Goal at the time of the ex-post evaluation is fair. Furthermore, the continuation of the

²⁶ Questionnaire to the selected line ministries

²⁷ Questionnaire to the selected line ministries

²⁸ Questionnaire to the selected line ministries

²⁹ In the questionnaire to the selected line ministries, out of the five levels (5 is the best), 2 ministries responded with 5, one ministry with 4, one ministry with 4 or 3, one ministry with 3, and one ministry responded it could not answer because budget proposals for new initiatives had not been formulated yet. Also, two ministries commented that the number of proposals for new initiatives themselves is limited.

Outputs and the Project Purpose after project completion is fair. Neither impact on the natural environment nor impact caused by the relocation of residents or land acquisition was observed and the other negative impact was not confirmed. Therefore, impact is assessed to be fair.

Based on the above, as the achievement of the Project Purpose and the outputs by project completion was fair, effectiveness is fair. Since achievement of the Overall Goal at the time of the ex-post evaluation is fair, and the continuation of the outputs and the Project Purpose after project completion was fair, impact is fair. Therefore, effectiveness and impact of the project are fair.

3.3 Efficiency (Rating: ②)

3.3.1 Inputs

The project’s planned and actual inputs at the time of the project completion are shown in Table 7.

Table 7: Planned and Actual Inputs

Inputs	Plan	Actual (Project Completion)
(1) Experts	(Phase 1) <ul style="list-style-type: none"> ● Long-term (or short-term experts of long-stay type): 1 person (enhancement of budgeting capacity) ● Short-term: as needed (Phase 2) <ul style="list-style-type: none"> ● Experts: Chief advisor/public financial management (PFM), PBB, performance evaluation, budgeting/scrutiny, and so on (no description of long-term or short-term) 	(Phase 1) <ul style="list-style-type: none"> ● Seven persons (chief advisor/budgeting one person, performance evaluation two persons, PBB two persons, administrative evaluation/administrative management two persons) Total: 48.5 MM ● Short-term (PBB, etc. five persons) (Phase 2) <ul style="list-style-type: none"> ● Six persons: Chief advisor/PFM reform, PBB, performance evaluation, budgeting/scrutiny, etc. (No description of long-term or short-term) Total: 71.56MM

(2) Trainees received	(Training in Japan) <ul style="list-style-type: none"> • Phases 1 & 2: No description of the number of persons (Third-country training) <ul style="list-style-type: none"> • Phases 1 & 2: No description of the number of persons 	(Training in Japan) 84 persons <ul style="list-style-type: none"> • Phase 1: 59 persons • Phase 2: 25 persons (Third-country training) 43 persons <ul style="list-style-type: none"> • Phase 1: 20 persons (US, Canada) • Phase 2: 23 persons (New Zealand, India, Sri Lanka)
(3) Equipment	<ul style="list-style-type: none"> • Phases 1 & 2 (for the experts): office equipment, PC (no description of the amount) 	<ul style="list-style-type: none"> • Phase 1: Office equipment (PC 1, router 1, facsimile machine 1, printer 1, scanner 1, projector 1) • Phase 2: PC 1; for others, the equipment provided for Phase 1 was utilized
(4) Local Cost	<ul style="list-style-type: none"> • Phases 1 & 2: No description of the amount 	<ul style="list-style-type: none"> • Phase 1: 36 million yen (at the time of the Mid-term review) • Phase 2: No description of the amount
(5) Local Experts	<ul style="list-style-type: none"> • Phase 1: No description of the number of persons • Phase 2: No description 	<ul style="list-style-type: none"> • Phase 1: <ul style="list-style-type: none"> - Local experts: 5 persons (PBB, PFM, monitoring & evaluation) - Local coordinator: 2 persons • Phase 2: None
Japanese Side Total Project Cost	Total: 560 million yen <ul style="list-style-type: none"> • Phase 1: 260 million yen • Phase 2: 300 million yen 	Total: 648 million yen <ul style="list-style-type: none"> • Phase 1: 320 million yen • Phase 2: 328 million yen
Indonesian Side Total Project Cost	(Phases 1 & 2) <ul style="list-style-type: none"> • Allocation of counterparts • Provision of office space and maintenance cost of office equipment • Electricity and communication cost • Domestic travel cost of counterparts 	(Phases 1 & 2) <ul style="list-style-type: none"> • Allocation of counterparts (Project director 1 person, project manager 1 person, technical counterpart 1 person (phase 1 only)) • Office clerk • Office space, electricity cost

* MM stands for man month.

3.3.1.1 Elements of Inputs

Concerning major inputs from the Japanese side, the implementing organization was asked to rate the quality, quantity, and timeliness of dispatch of experts, trainees received, and equipment provision according to 5 levels (5 is the best). The responses were either 4 or 5, except that the quantity of the experts and trainees received was 3, and timeliness of trainees received was 3³⁰. There was no problem in the inputs from the Japanese side. The inputs from the Indonesian side were implemented in accordance with the plan, and no specific problem was observed in terms of quality, quantity, or timeliness.

3.3.1.2 Project Cost

The total project cost borne by the Japanese side was 648 million yen (Phase 1: 320 million yen, Phase 2: 328 million yen). This exceeded the plan (116% of the intended total; Phase 1: 123%, Phase 2: 109%).

3.3.1.3 Project Period

The project period was 6 years and 11 months. Phase 1 took 3 years and 8 months (including an extension of 8 months), and Phase 2 took 3 years and 3 months (including extension of 3 months). This exceeded the planned period by 115% (Phase 1: 122%, Phase 2: 108%).

The objectives of extending the project period were to cope with the remaining tasks in Phase 1 (setting performance indicators in the next *RPJMN*, improving the quality of public expenditure, and training in Japan) and supporting the new guideline draft based on the introduction of the National Priorities and the National Priority Projects in Phase 2. Although the project scope was increased in Phase 2 (support to draft the new guideline based on the introduction of the National Priorities and the National Priority Projects on project planning by the ministries and its scrutiny), multiple outputs were not achieved because the activities could not be conducted. Thus, it cannot be assessed that the addition of project scope justifies the excess of the project cost and period.

Both the project cost and project period exceeded the plan. Therefore, the efficiency of the project is fair.

3.4 Sustainability (Rating: ③)

3.4.1 Policy and Political Commitment for the Sustainability of Project Effects

Presidential Decree No. 17/2017, which aimed at promoting PBB and synchronization of national development plan with the budgeting process, was still valid at

³⁰ Questionnaire to the implementing organization

the time of the ex-post evaluation³¹. Moreover, strengthening the PBB, the Money Follows Program Policy, and so on was required in the Joint Circulation Letter concerning *Guidance of Planning and Budgeting System Redesign* in June 2020. PBB is not the only criterion for budgeting but is one factor in budgeting, together with the National Priorities, Holistic, Integrated, Thematic, and Spatial (HITS), and so on³². However, the direction to strengthen the linkage between PBB and MTEF had been maintained at the time of the ex-post evaluation and is expected to continue³³. Therefore, sustainability concerning the aspects of policy and political commitment is high.

3.4.2 Institutional/Organizational Aspect for the Sustainability of Project Effects

The planning and budgeting process is implemented by BAPPENAS and the MOF. BAPPENAS is responsible for the planning process and the MOF for the budgeting process³⁴. At the time of planning, these processes were not sufficiently synchronized. The ministries submitted *the Annual Work Plan (Renja K/L)* to BAPPENAS and *the Annual Budget Plan (RKA K/L)* to MOF. The documents' structures were similar, but the logical composition was not the same. In particular, after the MOF introduced architecture and performance information (ADIK) in 2015, the difference between the two became clear, which led to confusion and frustration among the staff in charge of planning at the ministries³⁵.

However, *Presidential Decree No.17/2017* resulted in an improved relationship between BAPPENAS and MOF, as well as enhanced synchronization of the planning and budgeting processes at the time of the ex-post evaluation³⁶. Moreover, BAPPENAS set the budget ceiling together with MOF at the time of the ex-post evaluation in addition to its conventional roles (before the above decree, its role was limited to the indicative ceiling)³⁷. Although specific data on transitions of staff allocation at the implementing organization could not be obtained, a sufficient number of staff members were secured at the time of the ex-post evaluation, according to BAPPENAS³⁸. Therefore, the sustainability of the institutional/organizational aspect is high.

3.4.3 Technical Aspect for the Sustainability of Project Effects

The project improved the understanding of PBB operation by BAPPENAS staff at the focal directorate. However, the directorate has comparatively many young staff members,

³¹ Questionnaire to the implementing organization. The formal name is *Government Regulation no. 17 of 2017 concerning Synchronization of the National Development Planning and Budgeting Process*

³² Interview to the implementing organization

³³ Questionnaire and interviews to the implementing organization.

³⁴ *The government regulations No.44/2006, No.90/2010, PCR of Phase 2* (p47)

³⁵ *PCR of Phase 2* (p47)

³⁶ Questionnaires to BAPPENAS, the MOF, and the selected line ministries

³⁷ Questionnaire to the implementing organization

³⁸ Questionnaire to the implementing organization

who do not have sufficient training or practical experiences. Hence, their understanding of the concept of MTEF-PBB is insufficient compared with the senior staff³⁹. The knowledge is kept to the selected line ministries at the time of the ex-post evaluation. However, some people are concerned about the knowledge gap between the senior and young staff. Therefore, the sustainability of the technical aspect is fair.

3.4.4 Financial Aspect for the Sustainability of Project Effects

The transition of the BAPPENAS budget at the time of the ex-post evaluation is as follows⁴⁰. Except for Fiscal Year 2020, the budget amount has increased annually. The reason for the decrease in 2020 was the cost of anti-COVID-19 actions by the GOI. At the Directorate of Development Funding and Allocation, which plays a core role in promoting PBB, the budget for ordinary activities is secured, although they receive partial external support⁴¹. Thus, sustainability concerning the financial aspect is high.

Table 8: The Financial Status of the Concerned Sections of BAPPENAS

(Unit: Rupiah)

	2016	2017	2018	2019	2020	2021
Budget	3,672,803.000	3,359,003.000	6,534,000.000	11,879,778.117	6,215,610.000	12,922,705.000
Expenditure	2,854,892.304	3,302,324.209	5,296,199.028	9,139,340.592	6,051,709.871	5,973,025.763
Balance	817,910.696	56,678.791	1,237,800.972	2,740,437.525	163,900.129	6,949,679.237

Source: BAPPENAS

Remarks: Year 2021 shows the amount until June 2021.

Sustainability from the perspective of policy and political commitment is high, as the direction to promote MTEF-PBB is still maintained at the time of the ex-post valuation. Sustainability regarding the institutional/organizational aspect is high because the synchronization of planning processes by BAPPENAS and budgeting processes by the MOF was enhanced by *Presidential Decree No.17/2017*. Sustainability from the technical aspect is mostly high, because the staff's knowledge on PBB at BAPPENAS and the selected line ministries has mostly been maintained, except for the young staff. Sustainability from the financial perspective of the implementing organization is high.

No major problems have been observed in the policy background and the institutional/organizational, technical, financial aspects. Therefore, sustainability of the project effects is high.

³⁹ Questionnaire and interview to the implementing organization

⁴⁰ BAPPENAS

⁴¹ Questionnaire to the implementing organization

4. Conclusion, Lessons Learned, and Recommendations

4.1 Conclusion

This project was implemented to align the budget process with the improved methodology under PBB and MTEF systems at BAPPENAS and the selected line ministries by enhancing the understanding of PBB for those concerned and improving the framework of national budget proposals and scrutiny. The project direction, which was aimed at promoting PBB implementation, sufficiently corresponded with the Indonesian policy and development needs, as well as Japan's aid policy, from the project planning stage to project completion. Thus, the relevance of the project is high. Although the understanding those who were concerned of the PBB methodology up to project completion was mostly high, the intended outputs related to enhanced frameworks for budget proposals and scrutiny were not achieved, and achievement remained fair. Consequently, the achievement of the Project Purpose (i.e., implementation of the budgeting process in accordance with the improved methodology under PBB and MTEF systems at BAPPENAS and the selected line ministries) was fair. At the time of the ex-post evaluation, the achievement of the Overall Goal was also fair, and no negative impact has been observed. Thus, effectiveness and impacts are fair. Both the project cost and duration exceeded the plan. Hence, the project has fair efficiency. No major problems have been observed in the policy background or the institutional/organizational, technical, or financial aspects. Therefore, sustainability of the project effects is high. In light of the above, this project is evaluated to be satisfactory.

4.2 Recommendations

4.2.1 Recommendations to the Implementing Agency

BAPPENAS should conduct training for young staff members at the related directorates to strengthen their practical knowledge of PBB on regular basis. If possible, it is desirable to provide the same training with young staff members at the line ministries.

4.2.2 Recommendations to JICA

If implementing the above training by BAPPENAS is difficult, JICA should support either implementation of the training or dispatch of a lecturer.

4.3 Lessons Learned

Planning a project that presupposes cooperative relationship between/among ministries

This project was challenging regarding its high goal, i.e., to improve the national budget system of a whole country. To be successful, cooperation from a certain ministry in addition to the counterpart ministry was indispensable. However, the cooperation could not

be obtained during the implementation period. This affected negatively to the achievement of some outputs, the Project Purpose resulting from those outputs and even the Overall Goal. In planning a project that presupposes a cooperative relationship between/among ministries that do not necessarily have this relationship (but cooperation is indispensable for the project's success), it is essential to fully coordinate and confirm specific role to be played in the project by respective party at the planning stage, and to include the ministry in the signers of R/D, in which each role should be recorded clearly.