Kecamatan Development Project 2nd Phase Impact Evaluation and PNPM-Rural Baseline Study

Key Findings

This Study was supported by the Government of Indonesia, DSF and the World Bank
KDP2/PNPM-Rural Evaluation Design Overview (1)

- **KDP2 Evaluation**
  - **Period:** 2002-2007
  - **Baseline:** 2002 SUSENAS used as baseline and sampling frame to select treatment and control groups
  - **Follow up:** 2007 Survei Evaluasi Dampak PNPM-Rural (SEDAP 2007) survey (conducted by SurveyMeter, Yogyakarta)
KDP2/PNPM-Rural Evaluation Design Overview (2)

- **PNPM-Rural Evaluation**
  - **Period:** 2007-2009
  - **Baseline:** 2007 Survei Evaluasi Dampak PNPM-Rural (SEDAP 2007) survey (conducted by SurveyMeter, Yogyakarta)
  - **Follow up:** Planned 2009 SEDAP survey

- **PNPM-Urban** will be merged into 2009 survey

- **Qualitative Baseline and Follow up:** 2007 (conducted by LP3ES, Jakarta) and 2009
Evaluation Objectives

- Quantitative impact studies for PNPM-Rural and KDP2
- GOI Priority areas
  - Poverty
  - Employment
  - Governance and Social Capital
- Attribute changes in outcome indicators to PNPM-Rural/KDP
- Results will represent the impact of PNPM-Rural/KDP compared with control areas which have not participated in a PNPM-Rural-like CDD program
Methodology Overview

- Matching at kecamatan level to ensure KDP2 and control groups are comparable
- Households are/will be measured in 2002, 2007 and 2009 to ensure a panel is available
- Differences-in-differences approach used to identify project impacts: the change in indicators (before and after) is calculated for both KDP2 and control areas. The difference between these observed changes is the impact attributable to KDP2.
Sampling

- Households sampled in the 2002 SUSENAS
- Limited to rural households
- Control group excludes kecamatan participating in other CDD programs
- Matching of treatment and control conducted at the kecamatan level
- Conditioning variables selected from 2002 poverty ranking and PODES 2003/2005
- Households randomly selected from 2002 SUSENAS sampling frame from each matched kecamatan
Data

- **KDP2 Evaluation:**
  - 150 KDP2 Kecamatan
  - 150 Control Kecamatan not participating in CDD programs
- **PNPM-Rural Baseline:**
  - 150 Kecamatan beginning PNPM-Rural participation in 2007
  - 150 Kecamatan beginning PNPM-Rural participation in 2009
- Approximately 3150 households in each group of 150 kecamatan for a total of 9505 households interviewed in the 2007 survey round.
- All households are sampled in 2002 SUSENAS, 2007 SEDAP and 2009 SEDAP to create a panel
Key Findings Overview (1)

- **Household Welfare** (real per capita consumption): Households in the first quintile of predicted per capita consumption saw approximately 10% greater gains in comparison with control areas between 2002 and 2007.

- **Poverty**: KDP2 Households in poor kecamatan are 9.2% more likely to move out of poverty than households in control areas.

- Qualitative evidence from the PNPM-Rural baseline and project MIS data indicates greater attendance at meetings among poor households and a consequent reduced role for elites in decision-making.
Key Findings Overview (2)

- **Access to Health Care**: Household heads in KDP2 areas were approximately 11% more likely to access outpatient care.

- **Unemployment**: Unemployment rates in control areas increased by 1.5% more than in KDP2 areas
  - Although unemployment increased in general over the period (2002-2007), KDP2 areas saw fewer individuals become unemployed
  - The relative gains in employment do not reflect the temporary employment generated by sub-project construction that is a component of the project, but rather the indirect impact of KDP2 on employment opportunities in the local labor market
KDP2 increases per capita consumption: among poor households:

Households in the first quintile of predicted per capita consumption saw approximately 10% greater gains in comparison with control areas between 2002 and 2007.
KDP2 Moves Households Out of Poverty:
KDP2 Households in poor kecamatan are 9.2%-11.7% more likely to move out of poverty than households in control areas.
KDP2 expands access to health care:
Household heads in KDP2 areas were 11.0% more likely to see expanded access to outpatient care.
KDP2 reduces unemployment:
Unemployment rates in control areas increased by 1.5% more than in KDP2 areas

Percentage Point Increase in Unemployment Rate

Control
KDP2
Key Findings (3)

- Impact on Disadvantaged Groups
  - **Household Welfare**: Limited impacts on per capita consumption and poverty for female-headed and households with heads with no primary education. Qualitative evidence indicates disadvantaged groups are often marginalized due to lack of participation in project activities and lack of focus on such groups by community members in project activities.
  - **Access to Services**: access to outpatient care increased significantly for households with heads with no primary education
Key Findings (4)

- Impact on Wealthy Households and Households in Wealthy Areas
  - Consumption gains for wealthier households and households in wealthier kecamatan were not as large in KDP2 areas in comparison with control areas.
  - The study could not determine whether results in wealthy kecamatans for households stratified by consumption quintile, particularly poor households, were consistent with these findings.
Questions Outstanding (1)

- **Impact on Poor Households in Wealthier Areas**
  - The study is unable to address the question of whether poor households in wealthy kecamatan are benefiting from KDP2.

- **Impact on access to education**
  - No significant impacts on primary or secondary school enrollment rates.
  - Analysis was limited to a small sample due to the need to aggregate enrollment rates at the kecamatan level.
  - The planned PNPM-Rural Evaluation (2007-2009) will include an individual level panel which will track individuals’ school participation in both 2007 and 2009.
Questions Outstanding (2)

- Impact of project on unemployment rates among poor households.
  - Lack of individual level panel limited analysis to aggregation at the kecamatan level, rendering breakdowns by consumption quintile not feasible.
  - The planned PNPM-Rural Evaluation (2007-2009) will include an individual level panel which will track employment status between 2007 and 2009 and allow for assessment of impact on unemployment among the poor.
Questions Outstanding (3)

- Role of social capital and governance.
  - The instrument for the KDP2 evaluation was limited to the 2002 SUSENAS and does not include social capital and governance indicators.
  - The planned PNPM-Rural Evaluation includes a social dynamics and governance module will address linkages between household welfare and access to services outcomes, and project activities.
Recommendations for PNPM-Rural Going Forward

- Greater focus on inclusion of disadvantaged and marginalized groups.
- With the expansion of the program to all kecamatan by 2009, adapt project strategy to be more effective in less poor kecamatan.
- Collect data on social dynamics and governance to better link project activities and outcome impacts.
PNPM-Rural Baseline Study

- Establish initial baseline conditions for the planned PNPM-Rural Evaluation.
- Survey instrument for the baseline includes the same instrument from the KDP2 evaluation and an additional module on social dynamics and governance.
- Planned PNPM-Rural Evaluation will cover the period 2007-2009 using the current 2007 baseline study survey data and a follow up survey of the same households in 2009.
- The analysis will consist of a repeat of the analysis used for the KDP2 evaluation, but will also incorporate social capital and governance indicators to address linkages between household welfare and access to services outcomes, and project activities.
Key Findings from the Baseline

- Consumption, poverty rates and access to services indicators are well-balanced between treatment and control groups.
- Households participate in village meetings but depth of participation and awareness of information concerning village activities is low.
- Trust among villagers and public officials is high.
- Access to basic services still a problem: approximately 40% of households still have difficulty obtaining education, health care or clean water.
Social Capital and Governance Indicators (1)

- Participated in activities to benefit the community (% of Households)
- Obtained information about use of government development funds (% of Households)
- Perception of village government officials as trustworthy (% of Households)
- Attended village meeting in the last six months (% of Households)
### Social Capital and Governance Indicators (2)

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<tr>
<th>Indicator</th>
<th>Control</th>
<th>Treatment</th>
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<tbody>
<tr>
<td>Participated in collective action to benefit the community</td>
<td>30%</td>
<td>40%</td>
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<tr>
<td>Difficult to access Education, Health Care or Clean Water</td>
<td>40%</td>
<td>50%</td>
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<td>Dissatisfaction with village official</td>
<td>20%</td>
<td>30%</td>
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<tr>
<td>Local government officials care for the needs of the community</td>
<td>60%</td>
<td>70%</td>
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Difficulty Accessing Services

Most Common Reasons for Lack of Access
- Poverty
- Cannot get to service location
- Cost
- Service not provided
Participatory Poverty Assessment: Five Most Common Responses

- Reasons for Poverty
  - Low Income
  - Difficult to Find Work
  - No Means of Transport
  - No Capital
  - Too Old to Work

- Ways out of poverty
  - Find Employment
  - Work Hard
  - Obtain Means of Transport
  - More Assistance from Government
  - More Support for the Poor from Government
Research Questions to Be Addressed by Planned PNPM-Rural Evaluation

- Does PNPM-Rural increase household welfare (measured as real per capita consumption)?
- Does PNPM-Rural move households out of poverty?
- Do individuals in KDP2 kecamatan experience increased access to education and health care services, and employment opportunities?
- What is the impact for these indicators for poor and disadvantaged groups?
- Does PNPM-Rural impact social capital in the community and the quality of local governance?
- What role do social dynamics and governance play in impacting household welfare and access to services outcomes?
Contact Details for Further Questions or Concerns

- Copies of KDP2 Evaluation Paper and PNPM Baseline Study (forthcoming) available upon request.

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