



STRENGTHENING PUBLIC FINANCIAL MANAGEMENT SYSTEMS FOR BETTER NUTRITION RESULTS

Budget Tagging, Tracking
and Evaluation in Indonesia

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ABBREVIATIONS AND ACRONYMS

APBN	State Annual Budget
APBD	Subnational Government Annual Budget
Bappenas	National Development Planning Agency (<i>Badan Perencanaan Pembangunan Nasional</i>) or the Ministry of Planning
BKKBN	National Population and Family Planning Board (<i>Badan Kependudukan dan Keluar-ga Berencana Nasional</i>)
COA	Chart of Account
COVID-19	Coronavirus Disease 2019
DAK	Special Allocation Funds (<i>Dana Alokasi Khusus</i>)
DG	Director General
DLI	Disbursement Linked Indicator
E-Performance	Performance Accountability System
FMIS	Financial Management and Information System
FY	Fiscal Year
GFF	Global Financing Facility
GOI	Government of Indonesia
GR	Government Regulation
HCI	Human Capital Index
ICT	Information and Communications Technology
IDR	Indonesian Rupiah
INEY	Investing in Nutrition and Early Years
JKN	National Health Insurance (<i>Jaminan Kesehatan Nasional</i>)

KRISNA	Collaborative Planning and Budget Performance Information (<i>Kolaborasi Perencanaan Dan Informasi Kinerja Anggaran</i>)
LM/A	Line Ministry/Agency
MOF	Ministry of Finance
MOHA	Ministry of Home Affairs
MPA	Budget Implementation Monitoring
MOECRT SIMKeu	Ministry of Education, Culture, Research and Technology Information and Management System
MOU	Memorandum of Understanding
OMB	Office of Management and Budget
PBB	Performance-Based Budgeting
PESAT	Ministry of Public Works and Housing Integrated Monitoring and Evaluation System
Perpres	Presidential Regulation or Decree
PFM	Public Financial Management
PforR	Program-for-Results
Renja K/L	Line Ministry Annual Workplan
Renstra K/L	Line Ministry Medium-Term Strategic Plan
RISKEDAS	National Health Survey
Rp.	Indonesian Rupiah
RPJMN	National Medium-Term Development Plan
RKA-K/L	Line Ministry Annual Budget Proposal
RKP	Annual Government Workplan
SAKTI	Line Ministry Financial Application System (<i>Sistem Aplikasi Keuangan Tingkat In-stansi</i>)
SNG	Subnational Government
SPAN	State Treasury and Budget System (<i>Sistem Perbendaharaan dan Anggaran Negara-ra</i>)
SIMONA	Ministry of Religious Affairs Financial Information and Monitoring System
STRANAS	National Strategy to Accelerate Stunting Reduction (<i>Strategi Nasional Percepatan Penurunan Stunting</i>)
USD	United States Dollar



EXECUTIVE SUMMARY

1. Context and Motivation

Indonesia aims to improve human capital by taking a ‘business-not-as-usual’ approach to accelerate stunting reduction. Chronic childhood malnutrition (stunting) in Indonesia remains at crisis levels.¹ Indonesia launched its National Strategy to Accelerate Stunting Reduction (STRANAS) in 2018, a whole-of-government multisectoral program that commits twenty-three ministries and an estimated USD 12 billion over four years. It ‘converges’ 33 priority nutrition interventions² targeted at 48 million 1000-day households.³ With the issuance of Presidential Regulation 72 of 2021 (Perpres 72/2021), Indonesia enacted its strategy to improve nutritional outcomes, reduce stunting, and accelerate human capital development into a legal regulation.

Implementing a multisectoral program requires a robust accountability system to drive results across sectors and levels of government. At the national level, this needs a mechanism to track nutrition-related expenditures; consolidate spending data nationally; strengthen collaboration between planning and budgeting of priority interventions; and improve linkages between policy objectives, activities, outputs, and outcomes. With technical and financing support from the World Bank and the Global Financing Facility (GFF), Indonesia has implemented multisectoral tagging, tracking and performance evaluation of national spending on priority nutrition interventions.

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- 1 Almost one third of Indonesian children under 5 years of age (almost 9 million children) were stunted according to the 2018 National Health Survey (RISKESDAS 2018).
 - 2 Global evidence suggests that stunting reduction can be accelerated by using a ‘convergence approach,’ in which multi-sectoral interventions jointly target beneficiaries in selected geographic areas.
 - 3 Households that have pregnant women, lactating mothers and children under 2 years old.

2. Lessons Learned from Implementation

This report describes experiences and lessons learned from Indonesia's successful implementation of tracking and performance evaluation of national spending on priority nutrition interventions. Budget tagging, tracking and evaluation is an option that can be implemented in a very basic form that is in accordance with existing laws and public financial management systems. In Indonesia, it improved multisectoral management and accountability on the Government's stunting reduction program. Drawing from over three years of implementation, this report seeks to both (i) support the Government of Indonesia's efforts to further strengthen its Public Financial Management (PFM) systems for better nutrition results through a multisectoral approach, and (ii) provide successful experiences that can be replicated by other countries and/or other multisectoral programs in Indonesia.

Lesson #1

Develop an evidence-based multisectoral nutrition strategy to guide implementation.

An evidence-based multisectoral nutrition strategy, such as STRANAS, provides a clear logical framework or a theory of change with procedures to secure cascading political commitments. It identifies clear roles and responsibilities for multisectoral and multi-level government stakeholders as the basis to undertake budget tagging, tracking and evaluation.

Lesson #2

Set up enabling policy reforms to facilitate coordinated action between stakeholders.

Key enablers to enhance collaboration between the Ministry of Planning (Bappenas) and Ministry of Finance (MOF) for budget tagging, tracking and evaluations were policy reforms such as (i) Government Regulation No. 17/2017 on Synchronized Planning and Budgeting; (ii) a Memorandum of Understanding (MOU) signed by Bappenas and MOF to improve data integration by linking Information Communication Technology (ICT) systems; and (iii) World Bank Operations (Investing in Nutrition and Early Years Program-for-Results) that provided technical assistance to strengthen accountability and jointly problem-solve to achieve results.

Lesson #3

Designate Office of Vice President as leading coordinator for cross-agency implementation support.

Strong leadership from a coordinator close to a high-level political authority, namely the Office of the Vice President's Office, strengthened collaboration between two powerful cabinet ministries, Bappenas and MOF. A coordinating body at the 'center of government' also strengthened effective communications, accountability, day-to-day execution, debottlenecking, and monitoring and evaluation of the overall government program.

Lesson #4

Carry out budget tagging to identify nutrition-specific and nutrition-sensitive expenditures and interventions across sectors. The identification and consolidation of priority nutrition interventions across tens of ministries allowed Bappenas and MOF to monitor programmatic progress and hold stakeholders accountable. Comprehensive budget tagging technical implementation guidelines clarified annual procedures for Bappenas and MOF to tag nutrition-related outputs, apply output weighting,⁴ tag intervention locations, publish budget tagging findings, and prepare performance reviews.

Lesson #5

Carry out budget tracking to regularly monitor consolidated expenditure and performance information. Regular cross-sectoral monitoring by Bappenas and MOF has improved data availability, timeliness, quality, and accuracy in the reporting of priority nutrition interventions. Realized budget at the central level is tracked using the Financial Management and Information System (FMIS) applications (such as the State Treasury and Budget System, or SPAN, and e-Monev systems in Indonesia). Expenditure tracking (a comparison between realized budget and initial budget allocations) and performance tracking (a comparison between intervention output targets and output achievement) provide inputs to semi-annual evaluations of priority nutrition interventions.

Lesson #6

Carry out regular budget performance evaluations to inform strategic decision-making. Regular evaluations of priority nutrition interventions produce data-driven recommendations to strengthen programmatic performance. Evaluations are based on expenditure and performance data compiled during the budget tagging and tracking process. It analyzes interventions' expenditure tagging and ceiling development, budget performance, intervention output performance, and convergence in priority locations.

Lesson #7

Utilize budget evaluations to inform policy and resource allocation. Evaluations provide rich information to inform policy dialogue. The results of the evaluation are disseminated and discussed in a dissemination meeting as a cross-sectoral forum to present results, appreciate high-performers, hold low-performers accountable, discuss implementation challenges, and agree on next steps. Results and recommendations from the evaluation are reflected in the Financial Note document (supplementary to the State Budget Bill submitted to the Parliament) to establish a link to high-level decision-making.

4 Sectoral expert estimation, testing, measurement, and/or other secondary data sources to determine how much an intervention budget contributes to stunting reduction. Output weightings are annually reviewed and reconciled.

3. Conclusion and Looking Ahead

Although Indonesia has made significant strides in nutrition budget tagging, tracking and evaluation, it faces several challenges to continue improving nutrition spending for better results. Areas to strengthen PFM systems include strengthening budget tagging, tracking and evaluation systems at the national level and expanding budget tagging to the subnational level.⁵ Specifically, this paper recommends:

- i. **Implement tagging at sub-national levels (provinces, districts, and villages).** Standardized mapping or tagging of relevant programs and activities to national priorities, such as stunting reduction acceleration, across levels of government;
- ii. **Strengthen various PFM reform initiatives at the level of sub-national governments to evaluate the effectiveness of sub-national spending.** Collaboration between the Ministry of Home Affairs and MOF to (i) align program segment with services delivered, (ii) simplify program/activity classifications and definitions for consistency across regions, and (iii) map a standard set of output and outcome indicators to programs;
- iii. **Ensure strong institutional and implementation arrangements to support continuity of the stunting reduction effort across political cycles.** Issuance of a joint Bappenas and MOF regulation on tracking and performance evaluations, as well as strengthening expenditure and performance monitoring and evaluation mandates in Perpres 72/2021;
- iv. **Strengthen and expand the existing budget tagging, tracking and evaluation process at the national level. This includes** (i) continual capacity building in spending units to improve tagging, (ii) strengthening the performance review methodology for sharper recommendations, (iii) integrating financial and non-financial data systems to improve data consolidation, and (iv) moving beyond tagging and tracking by amending existing budget line activity outputs (to improve tagging accuracy) and/or creation of a new cross-agency program; and

5 Subnational spending accounts for over one-third of the total national budget.

- v. **Strengthen links between line ministry performance and resource allocation to improve accountability.** Establish clear incentives and sanctions to improve performance, as well as align performance evaluations with budget preparation timelines in Bappenas, MOF, and relevant line ministries.



1. THE CONTEXT AND MOTIVATION FOR THIS REPORT

Background

Nutritional improvements are key to improving a country's human capital. Indonesia's vision for 2045⁶ includes human capital development as one of its four development pillars (Alderman et al. 2017; Hoddinott et al. 2013).⁷ Indonesia has historically invested heavily in human capital, allocating 25 percent of the state national budget for the health and education sectors as mandated by the constitution and national laws. Although these investments have translated into significant progress in areas such as health services utilization and life expectancy, Indonesia's rates of chronic childhood malnutrition (stunting) remain at crisis levels and its child development outcomes are poor. According to the 2018 National Health Survey (RISKESDAS), nearly a third of Indonesian children under 5 years of age were stunted (approximately 9 million children). Indonesia's Human Capital Index (HCI) score, at 0.53,⁸ indicates that the productivity of Indonesia's future workforce will be just above 50 percent of what it could be given the right inputs, which falls below regional peers of Vietnam (0.67) and Thailand (0.60) (Lange, Wodon, and Carey 2018; World Bank 2020). Investing in nutrition to address chronic childhood malnutrition (stunting) will improve human capital and promises rich economic dividends.

6 As it reaches 100 years of independence.

7 The four pillars are: human development and the mastery of science and technology, sustainable economic development, equitable development, and strengthening national resilience and governance (Bappenas 2019).

8 HCI captures five indicators of health and education – probability of child survival till age 5, expected years of school, quality of learning (harmonized test scores and learning-adjusted years of school), proportion of under-five not stunted, and adult survival rate (World Bank 2018a).

The persistently high stunting rates of the past few decades have convinced Indonesia’s government to accelerate progress by adopting a business-not-as-usual approach.

Stunting is not merely a health sector issue but calls for coordinated action across multiple sectors and levels of the government.⁹ Global evidence from Peru, Brazil, and Bangladesh has indicated that stunting reduction can be accelerated by using a ‘convergence approach,’ in which multisectoral interventions jointly target selected geographical areas and the most vulnerable populations (Levinson and Balarajan 2013). In Indonesia, target beneficiaries’¹⁰ lack of simultaneous access to a full package of multi-sectoral interventions in health, agriculture, education, social protection, and water/sanitation has contributed to high stunting rates (World Bank 2017a).¹¹

Indonesia’s strong political-economic commitment to accelerated stunting reduction and enhancement of human capital was made clear in the high-profile launch of its whole-of-government Stunting Reduction Acceleration Strategy in 2017.

This strategy, known as the *STRANAS Stunting* multisectoral program, was launched and endorsed by the President and Vice President in August 2017 and raised stunting reduction as a national priority. *STRANAS* commits 23 ministries and an estimated USD 12 billion over four years to converge 33 priority nutrition interventions on 48 million target beneficiaries across all 514 districts. It establishes high-level commitment, management, and accountability to ensure that supply- and demand-side interventions proven to reduce stunting in Indonesia are effectively converged, delivered, and implemented (Rokx et al. 2018). The government further strengthened its fiscal commitment to reduce stunting by including stunting reduction as a national development priority in Indonesia’s 2019-2024 National Medium-Term Development Plan (RPJMN). A clear national strategy for stunting reduction that is aligned with the government development priorities provides more certainty that the state annual budget will be allocated to implement prioritized nutrition interventions.

A new presidential decree on Stunting Reduction Acceleration issued in August 2021 enacted into legal regulation Indonesia’s whole-of-government approach to improve nutritional outcomes, reduce stunting, and accelerate human capital development.

Known as *Peraturan Presiden No. 72 Tahun 2021* (or *Perpres 72/2021*), it seeks to maintain and build upon the successes of *STRANAS* under the leadership and coordination of the Secretariat of the Vice President’s Office, including reducing stunting from 30.8 percent in 2018 to 24.4 percent in 2021. It sets an ambitious target to further reduce stunting to 14

9 The sectors cover water and sanitation, early childhood development, social protection programs, food supply, and behavior change, and layers of the government refer to the role of 514 districts and 75,000 villages in decentralized service delivery (World Bank 2018b).

10 Defined as 1,000-day households or families that have pregnant women, lactating mothers, and children under 2 years-old.

11 The study, using longitudinal data, found an upward shift in the growth faltering curve in the first 24 months of age depending on children’s access to key drivers of malnutrition.

percent by 2024¹² and updates the implementation arrangements for the national stunting reduction program, notably introducing the National Family Planning Board (*Badan Kependudukan dan Keluarga Berencana Nasional* or BKKBN) as a key technical agency for program implementation.

Implementing a multisectoral program requires strong coordination among stakeholders and a robust accountability system to drive collaboration across sectors and levels of government. An accelerated effort to reduce stunting requires not only continued political and budgetary commitment from leadership but also the ability for program managers to monitor implementation across sectors and take corrective actions based on the performance of nutrition-related programs. More specifically, the government needs to track and evaluate nutrition spending and use performance data to inform resource allocations, all in order to ensure that nutrition resources are used efficiently. This is especially important in Indonesia given that the government's substantial expenditure of domestic resources on nutrition-related programs over the past decades has produced sub-optimal results. Despite recent progress in stunting reduction under the leadership of the Vice President's Office, the Government of Indonesia is still behind schedule to reach its target rate of stunting prevalence as set out in the presidential decree. This points to a need to further improve public financial management (PFM) systems to ensure that policy statements and intentions are translated into better nutrition results.

PFM System Challenges

In line with the public management principle of 'what is not measured cannot be managed', Indonesia needed a mechanism to identify required resources across sectors and ensure efficient spending to meet nutrition goals. This has motivated Indonesia to establish a better PFM system to measure its spending on nutrition and move toward establishing a budget tagging, tracking, and evaluation system to enable periodic assessment and timely course correction of nutrition budget planning and implementation (World Bank 2020a). This would require strengthening its PFM system across the planning, budgeting, budget implementation, and monitoring and evaluation cycles and using the evaluation results to inform the following year's resource allocations.

Indonesia has had a long history of reforming its PFM systems, commencing with the issuance of the set of three landmark laws relating to state finance, treasury, and auditing between 2003 and 2004, which formed a strong legal foundation to build a modern PFM architecture. Achieving effective and efficient public spending depends critically on successfully modernizing PFM processes, including a sharper focus on

12 This is a model based on priority interventions projected stunting could only be reduced to 22% by 2022 under an optimistic scenario without including the slowdown brought by the COVID-19 pandemic (World Bank 2018c).

performance-based budgeting (PBB). Essentially, PBB is the practice of developing budgets based on the relationship between program funding levels and expected results from that program. Applying PBB implies having the flexibility to reduce allocations for programs and/or line ministries or programs that are not performing adequately. However, after more than a decade of implementation, challenges to implementation of PBB in Indonesia, while clearly known, are not easily resolved. This is largely due to a lack of collaboration and an absence of clearly defined responsibilities for sharing the annual budget development between two cabinet ministries: the Planning Ministry (Bappenas) and Ministry of Finance (MOF). However, a new direction was evident in 2018, when the *Guidelines for Tagging, Tracking and Evaluating Development and Budget Performance to Accelerate Stunting Prevention*, which was jointly prepared in a full collaboration between Bappenas and Ministry of Finance, clearly established for the *first time* in Indonesia a good practice of performance-based budgeting (PBB). It has been successfully implemented in the approach to nutrition programming despite continuing challenges in the country's PFM systems.

Prior to 2018, Indonesia's PFM system posed a number of challenges that limited the government's ability to monitor and manage priority nutrition-specific and nutrition-sensitive interventions across sectors. These challenges included (1) a lack of clear accountability between budget outputs and nutrition outcomes; (2) weak links between public sector planning and budgeting on nutrition; (3) an inability to track nutrition expenditures across sectors, and (4) a lack of consolidated reporting on government-funded nutrition programs to inform decision-making. The following elaborates on these challenges.

First challenge

Failure to link budget to results that leads to a weak performance orientation of the current PFM system. Evaluation on spending has been focused more on administrative compliance and absorption of budget than on results. The heavy emphasis on accounting for the quantity of spending, and the lack of requirements to report on outcomes, undermines line ministry officials' focus on achieving results. PBB effectively starts with establishing a clear logic as to how the desired result will be achieved. However, for the last decade Indonesia's experience suggests a weak implementation of 'intervention logic', which is supposed to provide linkage between policy objectives, programs, activities, and outputs. The definition of outputs and outcomes is often not clearly stated. While budget programs map to outcomes and budget activities to outputs, there is no clear sense of how they are connected in a results- chain framework. Most importantly, the outputs produced by spending units under the Annual Budget are often not clearly linked with planned outcomes under the Annual Plan.

Second challenge

Weak linkage between planning and budgeting. The past weak linkage between the planning and budgeting processes was reflected in the misalignment and lack of consistency

and synchronization between annual planning and budget documents,¹³ which often resulted in a significant divergence between the actual budget allocation by Ministry of Finance and activities planned by *Bappenas*. This inconsistency reflects a siloed approach, and a lack of quality assurance in reconciling the targets set in the planning process with the annual budgeting process. Furthermore, the two ministries also maintained separate ICT application systems with different formats, classifications, and database structures.¹⁴ This partly explains the challenging implementation of PBB in Indonesia despite the fact that the government has had almost 20 years' experience since the first introduction of PBB by State Finance Law in 2003.

Third challenge

Inability of previous PFM practices to track expenditures by multisectoral program or theme. Before FY 2021, budgets for programs were designed to be aligned directly with Echelon 1 (Director General) in ministry structures, while budgets for specific activities were similarly aligned with lower-echelon structures (mainly in Echelon 2 directorates or below). This is based on the Joint Ministerial Decree of Planning (*Bappenas*) and Finance in 2009 that applied a money follows functions (organizations) principle instead of money follows programs (see Box 1-1).¹⁵ Money follows functions represents a perceived need to have a clear connection between organizational structure (function) and program/activity (budget structure) as a way to ensure a link between funding allocations and performance accountability. This principle held organization managers accountable for any spending on programs to deliver agreed outputs. It also supported stable organization structures by preventing the creation and elimination of program nomenclature at any time by the government. However, equating organizational functions and budgeted programs creates problems for the government's management of multisectoral priority programs, since these are not reflected transparently, nor easily measurable, within the budget classifications. In addition, this approach complicates the application of good performance budgeting practices since it is almost impossible to eliminate ineffective programs, because doing so

13 The planning documents are the National Medium Term Development Plan (RPJMN), a five-year planning document that contains national outcome indicators and targets; *Renstra*, the strategic plan of the line ministries/agencies, containing their performance indicators and targets over 5 years; and RKP, the annual government work plan. The line ministry plans include the five-year work plan, *Renstra KL*, and the annual work plans *Renja KL*. The MOF budgeting documents are the Medium-Term Expenditure Framework, which contains the line ministries/agencies budget plan for three years; the annual work plans and budget of the line ministries (RKA-KL) and the budget allotment document (DIPA)

14 The information system applications are KRISNA for *Bappenas* and SAKTI for Ministry of Finance. KRISNA stands for *Kolaborasi Perencanaan dan Informasi Kinerja Anggaran*, which translates to Collaborated Planning and Budgeting Performance Information, while SAKTI stands for *Sistem Aplikasi Keuangan Tingkat Instansi* (Spending Unit-level Financial Application System).

15 The 'money follows function' principle meant, in effect, that there is almost no difference between (nor managerial gains from) the administrative and programmatic budget classifications. It is common for some budget programs to be aligned with core ministry and/or unit functions but the duplication of administrative and program budget classifications made it difficult to manage government's multisectoral priority programs, particularly the ones that are cross-ministerial.

generally means cutting the budget of unit organizations (director generals) as program implementors. Thus, Indonesia's previous practice of a money follows function principle may have greatly impaired the capacity and incentives for organizations to achieve better results through a performance framework.

BOX 1-1.

The Recent PFM Reform to Implement 'Money Follows Program'

The government has initiated PFM reforms that would resolve issues on inconsistent classification in planning and budgeting by applying a 'money follows program' principle. A new PFM reform has been recently introduced to improve the link between planning and budgeting processes aimed to implement a 'money follows program' principle through the issuance of a joint decree between the Ministry of Finance and Ministry of Planning (Bappenas) No. S122/2020 and B517/2020 on 'Redesigning of the Planning and Budgeting Systems' (RSPP). Through RSPP reforms, the Government of Indonesia has restructured its planning and budget classification structures, establishing a more programmatic classification that cuts across administrative/ organizational boundaries. These reforms have resulted in the introduction of 'cross agency' programs that are implemented by multiple line ministries. The system allows for the cross-ministerial programs to be extended further to thematic budget priorities such as stunting.

Establishing new 'cross-agency programs' on nutrition under the 2020 RSPP joint decree would be a better and more permanent solution for tracking expenditures, although it has not yet happened. If new cross-agency programs on nutrition were established, that would aid the government in consolidating the entire budget allocated to and spent on nutrition. More importantly, a clear logical framework (theory of change) that establishes a link between outputs and outcomes could guarantee that all outputs (of activities) budgeted under specific cross-agency nutrition programs meet the objectives, targets, and outcome indicators on nutrition, as intended. Unfortunately, at present there is no specific cross-agency program established by the government.

The line ministries are aware that implementing specific cross-agency programs on nutrition would limit the use of the budget for other purposes (eliminating co-benefits principle). Furthermore, this would lock the budget and limit it to exclusively producing outputs that support the implementation of nutrition-related programs and contribute to achieving outcomes linked only to nutrition. Creating certain cross-agency program codes for stunting and/or nutrition expenditures within the planning, budgeting, and accounting classification framework is critical, not only for tracking the quantity of resources used but

also for understanding how the resources are being deployed, whether they are on track to accomplish what they were set out to do or not, and for using that information continually to inform policy. This would complement detailed one-off evaluation exercises, such as public expenditure reviews conducted every few years or ex-post budget analysis with real-time monitoring of immediate results within a year and/or at the end of the fiscal cycle to correct action.

However, having a cross-agency program is not the only and ultimate solution to better track expenditures on a specific sector, since not all broad sectoral-related expenditures can be consolidated into one cross-agency code. Considering the advantages and disadvantages of the two options, the implementation of PBB on nutrition expenditures could be done by using both options in parallel. That is, it could be accomplished by improving the scope and coverage of budget tagging to include subnational budgets, non-line ministries, and fiscal transfers while at the same time establishing the new cross-agency program on nutrition expenditures. At present, since the government has not yet established specific cross-agency program codes to identify nutrition related expenditures as a permanent solution, budget tagging is the best possible option to identify which programs and/or activities to serve nutrition objectives.

Fourth challenge

Difficulty in consolidating nutrition spending data nationally. Within the context of decentralization, at present there is a lack of capability to track expenditures on health and nutrition services by sub-national governments (SNGs), which have the primary responsibilities for delivery of these services. The limited monitoring, evaluation, and control over the use of the fiscal transfers by provinces and districts reduce the ability to understand implementation of service delivery in the regions. Budget tagging on nutrition expenditures has so far focused on the central government budget alone due to problems associated with subnational budget data. It has been difficult to get a holistic picture of spending by SNGs due to the use of different nomenclatures and definitions of programs and activities across the regions, which created challenges in consolidating and aggregating fiscal data nationally. To address the lack of consistent and comparable data across SNGs, the Government has introduced standardized budget classifications and chart of accounts (COA) in SNGs, starting in the 2021 budget year. In principle, the different segments of the SNG COA (Function, Program, Economic, Source of Funds and Location) have been standardized to a significant extent, which should facilitate budget/expenditure tracking across SNGs. However, the program classification of the present SNG COA is standardized to the sub-activity level and is very granular, which may lead to inconsistent usage of the standard nomenclatures by different SNGs.

Budget Tagging, Tracking and Evaluation to Improve Nutrition Results

Indonesia has made positive strides in institutionalizing multisectoral nutrition budget tagging, tracking and evaluation to enhance accountability for nutrition results. With technical and financing support from the World Bank and the Global Financing Facility (GFF), Indonesia has implemented several important policy reforms to enable a budget tagging and tracking system through an integrated financial management information system (FMIS). This systematizes budget evaluations to be used for course correction in the current cycle and to inform resource allocations for the next fiscal cycle. Strong coordination and collaboration between the Ministry of Finance and the Ministry of Planning (*Bappenas*), the commitment of relevant line ministries, and the effective oversight of the Vice President's Office as the coordinator of STRANAS, have played crucial roles in advancing this reform (World Bank 2019).

The budget tagging approach is an option that can be implemented directly in a very basic form without requiring any major changes in the existing PFM laws and regulations or needing any amendments to the budget and accounting classification structures. Through the budget tagging mechanism, all outputs (of activities) that are intended to contribute to the achievements of nutritional improvement outcomes are given a 'tag' in budget line items, so that they can be consolidated as thematic/multisectoral expenditures on stunting reduction in a convergence program. Budget tagging is done by line ministries at the output¹⁶ level, as line ministries have the right information to identify performance indicators and the amount of funds being allocated. Besides, output is the lowest level of information for which data is available and recorded in FMIS managed by Bappenas and MOF.

While the benefits of budget tagging mechanisms are well acknowledged, there are risks in implementing budget tagging. These risks include: (1) Tagging one large-sized output that does not wholly support the nutrition agenda. Properly tagging requires using a weighting or proportion of output to accurately measure the portion of a budget that directly contributes to nutrition. It also requires having solid assumptions based on expert judgement to estimate how much a particular budget will contribute to produce the nutrition-related outputs (to avoid overestimation); (2) Not including outputs that support the nutrition program but have not been tagged yet. Avoiding this risk requires restructuring the output, sub-output, and component structures and/or creating new outputs on stunting reduction to improve accuracy; and (3) Sustainability risks since budget tagging is not a permanent solution. Tagging is made at the budget line, which is managed outside of the automated FMIS and requires a lot of human intervention so it can be adjusted year by year. Despite these risks and given Indonesia's existing PFM environment, budget tagging was the best possible option to identify which programs and/or activities serve nutrition objectives. Budget tagging was the simplest option and has proven to be useful.

16 With the implementation of the RSPP reform in FY 2021, the term output has been re-defined and re-named Rincian Output (or detailed output). However, for simplicity, in this report we will continue to use the term Output and not Rincian Output (RO) to define the outputs of an activity.

Objectives of the Report

The objectives of this report are two-fold: (1) To support Government of Indonesia's efforts to further strengthen its PFM systems for attaining better results; (2) To share and draw on successful experience that can be replicated by other countries and/or other multisectoral programs in Indonesia. The use of the proposed new PFM systems and procedures for budget tagging, tracking, and evaluation on nutrition-thematic programs being highlighted in this report will push towards building much needed analytical capacity in Indonesia. What is also needed is the ability to assess the efficiency and effectiveness of budgeting through an enhanced process of budget policy discussion and decision-making by the central agencies (MOF and Bappenas) together with the respective line ministries. These new procedures could be implemented to drive change without being disruptive, involving administratively heavy processes, and without requiring an amendment to the generic PFM laws.

This report draws on primary and secondary information from the implementation of budget tagging, tracking, and evaluation at the national level in Indonesia. Primary data included focus group discussions (workshops), structured interviews and unstructured interviews with the government (Bappenas and MOF). These were conducted at least twice annually between 2018 and 2021. The information gathering also included the tacit knowledge from technical assistance consultants who supported the implementation. Secondary data included qualitative and quantitative reports produced by the Government of Indonesia as outputs of budget tagging, tracking, and evaluation. Lessons learned from the government's good performance can inform or be replicated in other multisectoral programs in Indonesia and/or other countries.

Structure of this Report

This report is structured to describe Indonesia's experiences and lessons learned, including critical factors that have contributed to successful implementation. Section 1 describes the political, economic, and institutional background to implement budget tagging, tracking and evaluation. Section 2 clarifies the scope of the report and its intended audience. Section 3 details Indonesia's successful experiences and results from over three years of implementation, and Section 4 discusses next steps and recommendations to improve Indonesia's PFM systems to improve nutrition results.



2. LESSONS LEARNED FROM IMPLEMENTATION

This section documents the implementation process and lessons learned from budget tagging, tracking, and evaluation on nutrition-related expenditures in Indonesia.

It is structured along the components of the public financial management (PFM) cycle to understand the processes Indonesia has initiated for nutrition accountability. It also discusses the policy formulation and institutional arrangement of SSTRANAS that serves as an overarching policy framework. The PFM cycle typically includes the following components: strategy, planning and costing; budget formulation; budget implementation; monitoring, accounting, and reporting; and evaluation of results (Figure 3-1).

Seven lessons can be learned from the implementation of budget tagging, tracking, and evaluation on nutrition-related expenditures in Indonesia that are aligned with the cycle reflected in Figure 3-1. These lessons, which proved to be critical in the successful implementation of multi-sectoral expenditure tracking and resource management, are elaborated in detail in the subsections that follow. They are:

Lesson #1

Develop an evidence-based multisectoral nutrition strategy as part of the first stage, that of defining strategic planning and costing, to provide a clear logical framework/theory of change as the basis for implementation and clear roles and responsibilities for stakeholders;

Lesson #2

Set up enabling policy reforms to define strategic planning and costing, to facilitate coordinated action among stakeholders;

Figure 3-1. Public Financial Management cycle**Lesson #3**

Designate the Office of the Vice President as leading coordinator for effective cross-agency implementation support;

Lesson #4

Carry out nutrition budget tagging as part of the budget formulation stage, to identify interventions and expenditures across sectors that support nutrition;

Lesson #5

Carry out nutrition budget tracking as part of the budget execution and implementation stage, to regularly monitor information on consolidated expenditure performance;

Lesson #6

Carry out nutrition budget evaluation as part of monitoring, accounting, and reporting, done on a regular basis to inform strategic decision-making; and

Lesson #7

Utilize evaluations to inform policy and resource allocation as part of the last cycle on evaluation and results, to ensure data-driven course correction.

Lesson #1

Develop an evidence-based multisectoral nutrition strategy to guide the implementation.

Indonesia adopted a whole-of-government strategy that uses cascading top-to-bottom model of political commitment in its nutrition strategy. A top-to-bottom leadership model enables convergent actions that bring together actors across sectors and levels of government. Such a super program surpasses existing planning and budgeting frameworks that are not based on budget allocations by individual programs and/or ministries. STRANAS showcases how new regulations can provide the enabling environment to track expenditures for segments of the budget based on a cross-sectoral theme and how coordination can converge actions for stunting reduction across sectors and levels of government.

Indonesia developed its prioritized and costed National Nutrition Strategy to Accelerate Stunting Reduction (STRANAS) following an evidence-based policy dialogue that involved a wide variety of actors. The overarching goal of STRANAS is to reduce stunting. The President has set an ambitious target to reduce Indonesia's stunting rate to 14 percent by the end of his term in 2024. The strategy was designed to accelerate Indonesia's stunting reduction by addressing key constraints comprehensively and multisectorally (across ministries). It aims to strengthen the execution and quality of programs across sectors and to drive the convergence of national, regional, and community programs. The actors are drawn from various ministries, academic and professional organizations, civil-society organizations, and the private sector. The nutrition strategy prioritizes 21 nutrition-specific and 12 nutrition-sensitive (Annex B) evidence-based interventions, for convergence on households with pregnant women and children below the age of two (or 1,000-day households). This ensures that resources are directed to support and fund activities that increase the coverage and quality of nutrition services to the 1000-day target group in order

to produce the highest impact on stunting reduction (GOI 2018).¹⁷

The STRANAS was adopted as a priority in the National Medium-Term Development Plan (RPJMN) 2019-2024 and in the Annual Government Work Plan (RKP). This guided the ministries to identify and prioritize stunting interventions in ministerial medium-term strategic plans (Renstra KL) and annual work plans (Renja KL). The strategy is structured around five pillars that identify objectives, targets, indicators, interventions, implementing agencies, and funding sources that link to results, also referred to as a results framework (Bappenas and MOF 2018). The pillars were formulated to enable smooth program implementation, connecting objectives to results, which are monitored using a set of indicators (Annex C). The five pillars are as follows:

- Pillar 1** Ensure that stunting reduction is a government and community priority at all levels.
- Pillar 2** Increase public awareness and community behavioral change to reduce stunting.
- Pillar 3** Strengthen convergence through coordination and consolidation of central, regional and village programs and activities.
- Pillar 4** Increase access to nutritional food and encourage food security; and
- Pillar 5** Increase monitoring and evaluation as the basis for ensuring the provision of quality services, improved accountability, and accelerated learning.

The strategy also defines implementation roles and responsibilities. Line ministries and agencies are responsible to plan activities and interventions at the central level to roll out following the national strategy guidelines. These form a part of the ministries' annual work plans. Districts and villages are also required to prepare plans that keep in mind higher-level development priorities. All the activities collectively contribute to the ultimate goal of reducing stunting. Although villages deliver the key interventions,¹⁸ various inputs to the delivery are provided at different levels of the government – central, provincial, and district. For example, for iron and folic acid delivery, at the central level the Ministry of Health is responsible for procurement, the district for distribution to the villages, and the villages to deliver the service. The role of the provincial health offices is to oversee and support district implementation of nutrition interventions in coordination with the provincial planning authority, Bappeda.¹⁹ At the subnational level, the Ministry of Home

¹⁷ In addition to stunting reduction priority target categories, namely, pregnant women, breastfeeding women and children aged 0-23 months, there are other important targets: children aged 24-59 months, women of reproductive age, and female teenagers.

¹⁸ Most nutrition-specific interventions are delivered by the *Posyandu* (the village health post).

Affairs (MOHA) provides further guidance to the subnational governments on planning in alignment with the national priorities (GOI 2018).

Central ministries, agencies, and subnational governments are expected to outline a clearly defined set of agreed policy outcomes for the stunting program, thus connecting planning and budgeting to results. The alignment of policy objectives to policy outcomes underlies the concept of efficiency and effectiveness.²⁰ The better the alignment of policy objectives, program design, program management, and outcomes, the greater the likelihood of good results. Hence, the ministries and other entities implementing the program are expected to include an annual statement of the output and intermediate outcome targets they seek to achieve, according to the budget resources available. They are also expected to provide baseline information on the current status of each program outcome and lay out a clear set of performance indicators for each program, including key output and outcome indicators. This collection of outputs drives intermediate outcomes and contributes to its final impact. It is important to have baseline information on the existing status of these indicators to assess progress achieved.

Funding to support the implementation of a stunting reduction strategy has been largely obtained from domestic sources. The funding for the nutrition program comes from multiple channels, and the fragmented subnational budget structure adds to the complexity of tracking how the funds are eventually used. The national budget (APBN)²¹ can be classified into two broad groups: the direct spending by the central government and transfers to subnational governments that are part of the subnational budgets. Subnational government budgets (APBD)²² are composed of transfers made from the national budget to subnational governments – provinces and districts – as well as some locally generated revenue (own-source revenue). Subnational governments manage their own finances under an intergovernmental finance law that was recently amended in 2022(UU 1/2022). Provinces, districts, and villages, therefore, have substantial autonomy to prioritize expenses under their budgets.

Costing is an essential component of planning and forms the basis for forecasting and preparing budget allocations. In the current system, the costs for the next planning cycle are largely estimated based on spending by line ministries on various economic activities from the previous cycle. While the classification system has been adjusted to follow a ‘money follows program’ rather than ‘money follows function’ principle to support nutrition budgeting, this newly restructured program classification system still does not

19 BAPPEDA stands for *Badan Perencana Pembangunan Daerah* (Regional Body for Planning and Development).

20 Outputs and outcomes of the program are assessed through an effectiveness and efficiency analysis. Efficiency is about finding the best, least-cost, relationships between inputs and outputs, thus reducing cost per unit of output. Effectiveness refers to the impact of the interventions in achieving better outcomes for the money spent or value for money.

21 APBN: Anggaran Pendapatan dan Belanja Negara (National Budget).

22 APBD: Anggaran Pendapatan dan Belanja Daerah (Regional/Subnational Budget).

capture the complexity of the cross-sectoral stunting theme. This is due to the fact that the thematic nutrition program is too broad to be defined as one cross-agency program. At present, the cost estimates in Indonesia are based on spending aggregated across the various spending units in a ministry tied to such economic classifications as disbursement of salaries or purchase of goods and services or capital expenditures.

Lesson #2

Set up enabling policy reforms to facilitate coordinated action among stakeholders.

A key enabling policy reform was to strengthen coordination between development planning by Bappenas and budgeting by MOF. An unusual feature of Indonesia's annual budget process, established by law and regulation, is the sharing of budget development responsibility between two powerful cabinet ministries, *Bappenas* and MOF. Previously, these two ministries often worked in siloes. *Bappenas'* role in the annual budget formulation process prior to 2017 ended once the line ministry work plans were complete, which resulted in huge inconsistencies between planning and budget documents. In order to rectify this dichotomy, the government passed Regulation (GR) No. 17/2017 to improve coordination and synchronize development planning and annual budget allocations based on the respective authorities and according to the state finance and national development planning laws. This regulation is expected to be a break-through solution by the government. It is a unique solution in the Indonesian context, where two different agencies that already exist are now required to manage the annual budget process jointly at almost every stage.

To further improve data integration among the two ministries, a Memorandum of Understanding (MOU) was signed on July 7, 2021 between the Minister of Finance and the Chairman of Bappenas to link ICT applications being managed by two ministries. This established an electronic data exchange to ensure that a single data platform is consistently used by Bappenas and MOF for the entire PFM cycle, from annual planning, budgeting, and execution to accounting, reporting, and monitoring and evaluating budgets. While these two PFM reforms (GR 17/2017 and the MOU) have established a solid foundation for resolving the long-standing issue of separate roles and functions between the annual planning by Bappenas and budgeting by DG Budget of MOF, they did not specify how the joint work among the two as mandated by the regulation should be operationalized. Further operational definition of the respective roles is critical for these two agencies to work together more effectively (see also Box 2-1).

BOX 2-1.**Options for Sustainable Collaboration
Between Planning and Budgeting**

While the role of the Secretariat of the Vice-President's Office as the leading coordinator for the multisectoral program on stunting has proven to be a key factor in the success of coordination, perhaps it is too much to expect of the Vice-President's Office to be constantly involved in coordinating all the other thematic multisectoral budgets that require close collaboration between Bappenas and MOF (DG Budget). Broadly speaking, there are at least five models of work collaboration for synchronizing Bappenas and MOF activities as mandated by GR #17/2017 that may be considered:

→ Option 1

Synergy. The planning and budgeting agencies work jointly together on every task (i.e., establishing a joint team with co-lead arrangements). This option has been applied in the case of the stunting thematic program.

→ Option 2

Complementarity. The DG Budget provides input from its work to Bappenas and vice versa.

→ Option 3

Specialization. Each agency specializes in a different task: there is no duplication or overlapping of work, and work is clearly segregated based on each one's special capacity, expertise and knowledge.

→ Option 4

Competition. Both agencies work on the same tasks, then compare the results and work toward a consensus.

→ Option 5

Integration. For efficiency reasons, among others, it would also be worthwhile to consider an integrated model where the units working on the preparation of annual planning and budget in Bappenas and the DG-Budget in MOF are *merged into one single unit*. Examples of national governments that apply this approach include the United States' Office of Management and Budget (OMB), which reports directly to the President, and the Brazilian and South Korean models, where both are merged into one ministry.

The World Bank’s 2019 Investing in Nutrition and Early Years (INEY)²³ Program-for-Results (PforR) operation has helped with the implementation of reforms to improve coordination between the planning and finance ministries to improve expenditures for better nutrition results. One aspect of the World Bank program to improve performance-based budgeting is designed to incentivize Bappenas and MOF to strengthen the national planning and budgeting systems, particularly on the mechanism to tag budget lines within the nutrition program, to establish and implement annual cycles of performance evaluation, and to use that performance evaluation to inform the following year’s allocation of resources.²⁴ This has established for the first time in Indonesia a performance-based budgeting approach to a multisectoral program (i.e., nutrition programming) as mandated by the Government Regulation (GR) No. 17/2017. These steps were necessary even though the budget for stunting prevention was declared a government priority in the 2015-2019 Mid-Term Development Plan (RPJMN) and Government Work Plans (RKP) in 2015, preceding the launch of STRANAS two years later.

The World Bank operation further specified concrete actions to strengthen the collaboration between Bappenas and MOF. More specifically, INEY PforR required a condition that Bappenas and MOF work together in close collaboration to produce four deliverables to support the new and innovative mechanism to track nutrition spending that had not been applied in other multisectoral budgets in Indonesia before. The deliverables are as follows:

1. Preparing the budget tagging manual/guidelines

Bappenas and MOF are required to work together to prepare the Tagging Guidelines for the National Strategy to Accelerate Stunting Reduction Program. These guidelines define procedures for (a) identifying and tagging budget lines related to the stunting program; (b) reviewing the efficiency and effectiveness of spending; and (c) tracking actual expenditure and budget realization from the Stunting reduction program.

23 The Investing in Early Years (INEY) Program-for-Results (PforR) is a USD 400 million World Bank loan complemented by USD 20 million grant from Global Financing Facility (GFF) to support on the implementation of the Government’s National Strategy to Accelerate Stunting Reduction (STRANAS). The program includes Disbursement Linked Indicators (DLIs) that links disbursement to reforms and results critical for the implementation of STRANAS.

24 Among some other Disbursement Linked Indicators (DLIs) of INEY, DLI #2 is designed to incentivizing Bappenas and MOF to strengthen the national planning and budgeting systems, particularly on the mechanism to tag budget lines within the nutrition program, to establish and implement annual cycles of performance evaluation, and to use that performance evaluation to inform the following year’s allocation of resources

2. Publishing the summary of outputs budget lines

Bappenas and MOF are required to identify and summarize the list of outputs in budget lines in the state budget (APBN) that are tagged to stunting expenditures.

3. Developing semester and annual performance review report

Bappenas and MOF should work together to regularly produce the first semester and annual expenditure and performance review reports.

4. Introducing a new section on stunting expenditures in a Financial Note document

MOF should prepare a statement on how the previous year's expenditure and performance review report informs the subsequent year's budget, as reflected in the resource allocation on priority nutrition interventions in the Financial Note document (as a supplementary to the budget bill) submitted to the Parliament.

During the 2018-2021 period all four of the above deliverables were completed through close collaboration between Bappenas and MOF as one of the program's Disbursement Linked Indicators (DLIs). These four deliverables have proven to be good practices and are already well implemented for tracking nutrition-related spending. They are intended to improve PFM systems and are recommended to be expanded to other thematic programs designated as government development priorities (such as infrastructure, climate change, gender, disaster thematic budget, and other themes).²⁵

Lesson #3

Designate the Secretariat of the Vice-President's Office as the leading coordinator for cross-agency implementation support.

One of the main reasons for Indonesia's success in coordinating and enhancing collaboration among various stakeholders to accelerate efforts for improving nutrition is the strong leadership from the Secretariat of the Vice-President's Office. This represents the presence and high-level commitment of the Vice President of the Republic of Indonesia in the program's day-to-day execution, implementation, and monitoring and evaluation. Additionally, the vice-president himself led a sustained public

25 It is unfortunate that these good practices are not yet replicated by other multisectoral/thematic budgets since the work collaboration between technical staff of Bappenas and Ministry of Finance on the implementation of other multisectoral/thematic budgets remains weak.

awareness campaign that targeted policymakers, regional governments, community leaders, parents, and the general public. The real challenge for the implementation of budget tagging, tracking, and evaluation in accordance with Government Regulation (GR) No. 17/2017 was how to ensure effective coordination between the staff of MOF and that of Bappenas, as they are two separate institutions sitting in two different ministries with different structures. The Secretariat has successfully established solid coordination between Bappenas and MOF, guided respective line ministries to better implement nutrition spending and utilize performance reviews, implemented a tiered approach, and used de-bottlenecking where nutrition intervention performance was not satisfactory.

Strong commitment between national-level political leadership and planning and budgeting of nutrition interventions created an enabling environment to implement a whole-of-government convergence approach. Indonesia's experience provided further evidence that a top-to-bottom political leadership approach is key in securing multisectoral commitment, jointly setting stunting reduction targets, aligning plans and budgets across different levels of government, and ultimately driving results. The coordinating role of the Secretariat was also critical to systematically monitor progress and problem-solve (debottleneck) implementation challenges, both at the technical and leadership levels, due to its placement close to the political authority of the vice president and the president (see Box 2-2).

BOX 2-2.

Ensuring Sustainable Cross-Agency Coordination with the New Institutional Arrangements

A new Presidential Regulation to Accelerate Stunting Reduction (Perpres 72/2021) shifts overall coordination and implementation responsibility of the stunting reduction program from the Secretariat of the Vice President's Office to Indonesia's National Agency for Population and Family Planning (BKKBN), an agency that reports directly to and is accountable to the President. To ensure the sustainability and efficiency of program implementation moving forward, it is important that BKKBN is able to coordinate and challenge the other line ministries to comply with reporting submission requirements and resource allocation recommendations.

While the inclusion of BKKBN presents an opportunity to leverage a unique platform between nutrition and family planning, the stunting reduction effort in Indonesia needs to carefully consider implementation arrangements, including the coordination between the strong cabinet ministry duo of Bappenas and MOF.

Bappenas and MOF should continue to sustain the already well implemented nutrition budget tagging, tracking and evaluation mechanism to accelerate better results. A potential solution to ensure that good progress and results are sustained is to “formalize” budget tagging, tracking and evaluation (for both nutrition and/or other Government of Indonesia development priorities that are multisectoral) in either one or both Bappenas and MOF ministerial regulations. Although this will not ensure that all current successes from the government program will be sustained, it will solidify high-level consolidation of important monitoring data that supports strategic decision-making.

Lesson #4

Carry out budget tagging to identify interventions and expenditures across sectors that support nutrition.

Budget tagging is a process of marking or giving a tag in budget line items that is useful for identifying and tracking relevant expenditures, in this case aimed at stunting reduction. The objective of budget tagging is to facilitate the identification of the outputs and track the budget being allocated and spent on outputs to deliver nutrition and other relevant interventions that contribute to stunting reduction. In order to tag budgets on stunting reduction, it is necessary to undertake an identification exercise where spending on nutrition and other relevant interventions for stunting reduction are identified and quantified. This is necessary since stunting reduction is a newly assigned theme that is not restricted to the boundaries of one line ministry and where the costing of interventions based on spending in the previous year is not readily available.

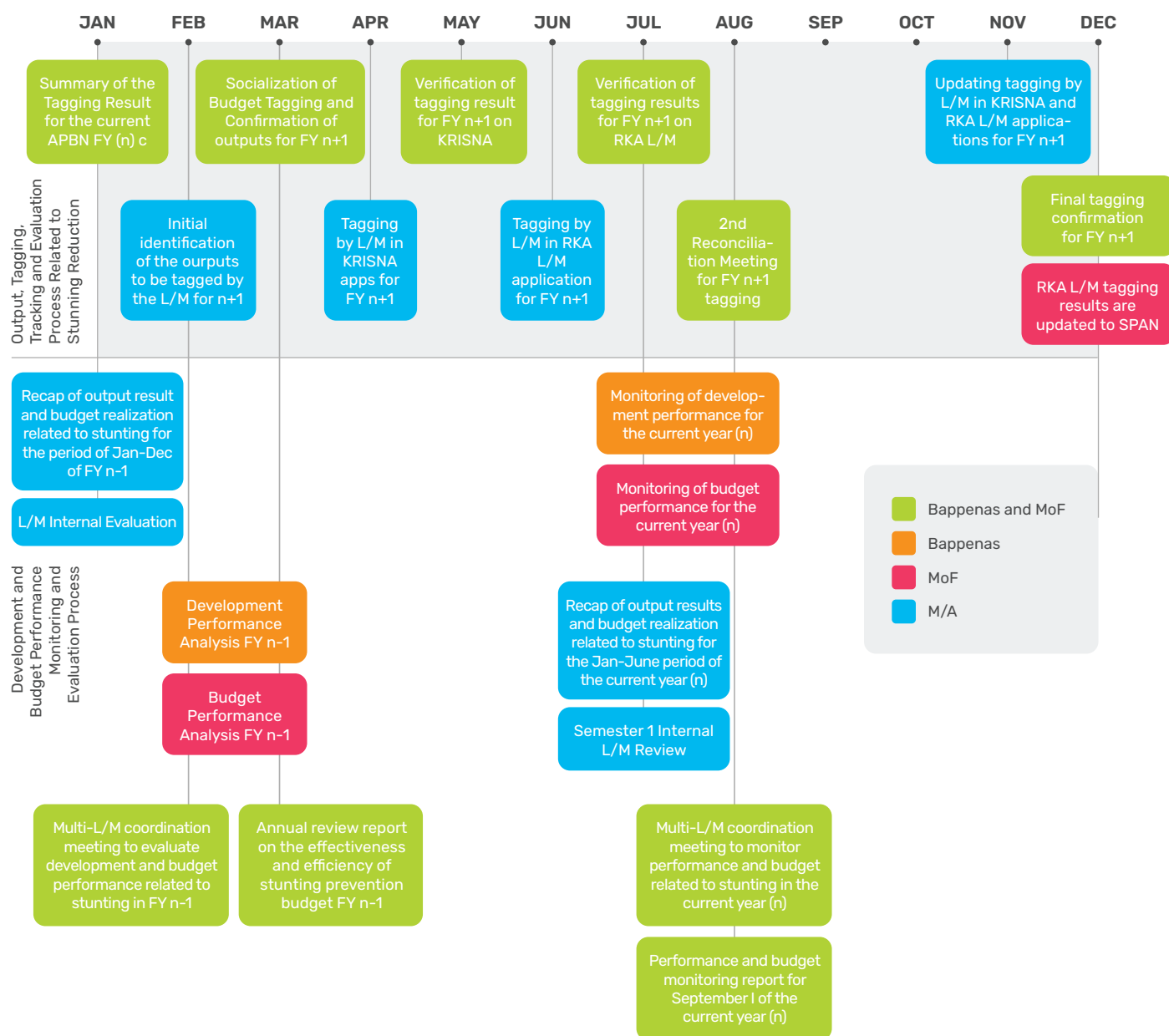
Developing implementation guidelines or manuals

In December 2018, MOF and Bappenas issued technical implementation guidelines for tagging, tracking, monitoring, and evaluating development and budget performance to prevent stunting for line ministries and agencies. This manual was jointly prepared by the staff of Bappenas and MOF and signed by two Echelon 1 levels (Deputy for Human Development and Culture of Bappenas and DG Budget of MOF) reflecting good collaboration between the two ministries. The tagging guidelines clearly outline the scope and the implementation mechanism of the new tagging initiatives.²⁶ The guidelines also define the establishment of a Coordination Forum that consists of representatives from various units in the Ministry of Planning, the Ministry of Finance, and relevant line ministries. They describe the reconciliation and verification process to obtain a consensus of all stakeholders on the nutrition-related outputs to be tagged. Furthermore, they emphasize the importance of weighting to avoid overestimating budget allocation, as not all outputs are dedicated to the stunting reduction program. The guidelines also identify the location where the activities are held and the process to amend and restructure activity outputs to improve accuracy.

This manual is the first-ever technical implementation guideline that has realized the intended objective of planning and budget synchronization reform (GR 17/2017). More specifically, through these guidelines both ministries, Bappenas and MOF, have agreed (1) to jointly work to tag, track, monitor and evaluate the budget and development performance; (2) to exchange data and information; (3) to discuss the budget proposal on nutrition with relevant line ministries in a multilateral way; (4) to conduct a thematic program spending performance review supporting the principle of money follows programs; and (5) to use the evaluation results as input for the next year's budget allocation. The development of the manual/guidelines was based on a multi-stakeholder process, involving representatives of relevant directorates in the working group so as to ensure their ownership. The role and responsibility of each stakeholder and the tasks that must be done by certain months during one fiscal year are clearly defined in the steps of tagging, tracking and evaluating development and budget performance, as shown in **Figure 2-2**.

26 It clarifies the scope of tagging that covers the budget allocated to line ministries of the central government and excludes the non-line ministry budgets, transfers of funds to subnational governments, Village Fund, and local government-owned budgets (APBD).

Figure 2-2. Steps for nutrition tagging, tracking and evaluation



The process of budget tagging is limited only for the central government’s budget and does not include subnational budgets. While the central budget, allocated across all line ministries and agencies, is recorded in one accounting system using a uniform set of codes or chart of account, the subnational budget is split across regions and maintained by each region in its own separate account. The financial management of regional governments, including the chart of accounts for the subnational budgets, is dictated

by the Ministry of Home Affairs. The chart of accounts for subnational governments has only recently been standardized across regions since the 2021 financial year. Prior to this, regions were given the flexibility in their accounting system to add their own codes if the coding given in the chart of accounts does not satisfy the criteria for classifying certain activities. This made it difficult to collate and consolidate the subnational government budgets into one because of the added complexity of different additional accounting classification codes. Therefore, a tagging activity to identify nutrition relevant items for the subnational budget segment would entail conducting the tagging for each region (514 districts) separately. This is the reason why the existing budget tagging guidelines exclude subnational budgets; including them would not only be time consuming but also resource-intensive, requiring practitioners with a skill set encompassing an understanding of the different budget structures, the coding systems, nutrition relevance, and data management and analytical skills.²⁷

Steps in the tagging exercise

The specific steps in the tagging exercise at the central government level are as follows.

1st step Identifying all line ministries, agencies and departments that have programs associated with nutrition-specific and nutrition-sensitive interventions.

2nd step Filtering output names within this set by inputting keywords relevant to stunting interventions in the software application.

3rd step Categorizing chosen outputs into nutrition-specific or nutrition-sensitive interventions, based on whether the output contributed directly or indirectly to nutrition activities.

4th & final step Tagging the items with different program codes in a separate field created in FMIS applications for both the budget plan and realization.

BOX 2-3.

- Ministry/Department
- Program
- Activities
- Group of Outputs (KRO)
- Outputs or Detail Outputs (RO)
- Components/Inputs

27 Tagging for six districts was undertaken as a pilot example for a nutrition public expenditure review conducted recently and highlighted additional issues in terms of using inconsistent program and activity names in addition to using different codes (World Bank 2019; World Bank 2020).

The hierarchical classification of the budget accounts into detailed categories is shown in **Box 2-3**. Thus, each activity (intervention) has a set of outputs that are measurable services or products (also see Annex A on the results framework) that the activity produces. There is further subclassification into components and subcomponents of the outputs, which are the inputs to the outputs. The data on these subcomponents is not available in FMIS applications (KRISNA and SAKTI), but in other accounts maintained by the respective ministries, following the same coding structure. The process of identification is coordinated by the line ministry or agency's planning bureau before submitting the initial list to Bappenas and MOF at reconciliation meetings. The list goes through a number of iterations, with the final list narrowed down to 94 outputs that contribute to the stunting reduction program from the total of 15,000 outputs identified for the central government's 2019 budget. The 94 outputs included 24 from 5 activities classified as nutrition-specific, 40 from 21 activities classified as nutrition-sensitive, and 30 from 20 activities classified as supporting elements of coordination and technical support (World Bank 2019; Bappenas and MOF 2018).

Applying output weighting

Not all tagged outputs are entirely dedicated to stunting reduction, necessitating weighting to discount the total amount budgeted for nutrition. The tagged amount calculated is often higher than the actual expenditure for stunting reduction which can lead to an incorrect estimate for the budget needed for the following year. Tagging is done and administered at the output level, while the actual intervention related to stunting reduction might be realized at a lower level. Hence, the exact stunting related spending is far lower than the amount tagged.

Potential mistakes that inflate the nutrition-relevant budget items at the output level could be resolved by tagging at a more detailed level, such as the sub-output or components level. However, as we can see from **Box 2-3** above, the FMIS application (KRISNA and SAKTI) accounts only contain information up to the output level, and a different account needs to be accessed for a more detailed breakup and/or the line ministry's own specific ICT application that is not connected with the MOF's FMIS applications. The Ministry of Health, for instance, can tag and track the budget below the output level using its *e-renggar* application.²⁸ It follows the same codes as KRISNA and SAKTI but the fact that further details are available in separate applications for the different ministries makes the process cumbersome and time consuming. Moreover, even though the Ministry of Health could identify data on *e-renggar* using keywords for specific interventions, the process is further complicated by an inconsistency in naming the different interventions, including using lower- and upper-case letters. This exercise could be carried out with greater ease if

28 This application covers data related to central government budgeting and planning, as well as monitoring of the revised central budget, specific budget allocations funds (DAK), and the performance accountability system (E-Performance).

the budget nomenclature was standardized down to the component, subcomponent, and even detailed-input level.

However, an assessment conducted by the World Bank discovered variations in the naming of intervention programs, not only over different fiscal years but even in the same year. For instance, the keyword for blood booster tablets could be “ferum”, “Fe”, “folic acid”, “TTD” or *Tablet Tambah Darah*, along with variations of these incorporating lower- and upper-case letters. Following the initial tagging exercise, where possible, changes were made to the way the output was formulated. The outputs that were specified in a generalized way were recoded and rephrased to reflect the specific stunting intervention. For example, the output labeled “Guidance and Improvement of Community Nutrition Knowledge” consisted of two components under it: “Infant and Child Feeding Counseling Training” and “Training on Prevention and Management of Malnutrition for Toddlers”. These components are now represented as outputs in lieu of the more generalized version (World Bank 2020a and personal communication with World Bank staff).

In the absence of tagging at a more detailed level (below outputs), it may be necessary to adopt a weighting system to discount the inflated budget total. If the objective of tagging is to quantify spending for stunting reduction, then a weighting system must be used to determine optimal apportioning of resources. However, if the objective is qualitative—to inform the selection of the most important programs for additional monitoring and evaluation throughout the budget cycle, then it may be better not to tag outputs (of activities), which only partially or minimally contribute to the overall stunting strategy. In Indonesia the current purpose was still limited to quantifying nutritionally relevant items for costing and budgeting stunting interventions. Qualitative analysis would definitely help the government to optimally use the budget to finance the most effective and efficient programs that contribute to overall stunting reduction strategy, though it could only be implemented if the results of the past evaluation were utilized in policy discussions and resource allocations for future years were based on results achieved.

A number of examples highlight the issue of overestimating stunting expenditures at the level of outputs. The Ministry of Health has one program to provide insurance premium assistance under the national health insurance (JKN) with one output to reach 96.8 million people. The entire budget under this output amounts to IDR 26.7 trillion (approx. USD 2 billion) in 2019. However, not all of it is dedicated to support the stunting reduction theme (see Box 2-4).

BOX 2-4.**Example of weighting assumptions to avoid overestimating the contribution of the National Health Insurance program to stunting reduction activities**

The Ministry of Health has one program to provide insurance premium assistance to citizens so they can participate in the national health insurance program (JKN), with one output to reach 96.8 million citizens covered by that premium assistance. This JKN is considered a “fat” output that will mislead if it is assumed that the entire budget of IDR 26.7 trillion (FY 2019) is allocated to support the stunting reduction theme only.

Ministry of Health (024)

- Activity code: 5610. National Health Insurance (JKN)
- Output code: 501. Size of population that would be covered by JKN
- Volume: 96.8 million in the population would be covered by JKN
- Budget allocation for this one activity output = **IDR 26.7 trillion (USD 2 billion)**
- **Weighting Assumptions:** Only 2% of pregnant women and 10% of children under 5 years old are part of the 96.8 million JKN participants (weight is 12%). It is further estimated that only 70% of insurance services for those pregnant women and children will be related to stunting reduction.
- Formula: 12% x 70% x IDR 26.7 trillion
- Hence, **only IDR 2.2 trillion (USD 160 million)** assumed from the total budget of IDR 26.7 trillion contributes to stunting reduction.

Source: World Bank 2019

In order to adjust the inflated budget downwards, Bappenas, MOF and line ministries agreed on weighting for a list of stunting-related outputs. Thus, for example, a total budget allocation of IDR 94.27 trillion (USD 6.5 billion) being tagged at the output level as the nutrition budget across 22 line ministries in 2019 was deemed to be an overestimate. After the application of the weighting adjustment at the outputs, the actual stunting-related budget is only IDR 28.9 trillion, which is more realistic and acceptable in reflecting the actual budget being spent by the government to implement stunting reduction programs. Note also that the first expenditure projection or costing exercise, which was carried out for 2017 and approximated IDR 51 trillion on spending at the central as well as the local level, was deemed to be an overestimate as it did not use weights. Likewise, in another example: Under the immunization budget, one of the expenses is for basic immunization vaccines such as BCG, Polio, and DPT, classified under drug procurement. Details beyond the output level reveal that the budget spent under this output also covers vaccines for the *Hajj* pilgrimage, which are not nutrition relevant. Yet another example is Filariasis and Deworming Control Services, which includes both filariasis drug procurement as well as schistosomiasis drug procurement, although only the former is related to stunting (World Bank 2019). **Table 2-1** compares the original activity output budget and the actual stunting related budget after the weighting adjustment for the 2019 allocations.

Table 2-1. Original activity output budget compared with stunting budget after weighting, 2019

Line Ministry	Original activity output budget FY 2019 for stunting (in million Rp.)	Weighted activity output budget FY 2019 for stunting (in million Rp.)
Ministry of Home Affairs	30,570	27,953
Ministry of Agriculture	295,111	295,111
Ministry of Industry	1,750	1,250
Ministry of Education culture	56,491	38,392
Ministry of Health	32,901,563	6,473
Ministry of Religion	94,075	10,211
Ministry of Social Affairs	55,300,700	17,011,263

Line Ministry	Original activity output budget FY 2019 for stunting (in million Rp.)	Weighted activity output budget FY 2019 for stunting (in million Rp.)
Ministry of Maritime and Fisheries	32,212	32,212
Ministry of Public Works	5,052,761	4,723,935
Coordinating Ministry for People's Welfare	2,150	800
Ministry of Women's empowerment	2,000	1,600
BPS (Statistic Bureau)	213,758	208,822
Bappenas	2,250	1,000
Ministry of Communications	39,200	25,000
B POM	126,019	61,798
Ministry of Villages	7,750	5,236
BKKBN	93,398	65,237
BATAN	14,662	13,827
Total	94,266,426	28,997,037

It is important to note that when a decision is made on weighting assumptions, the line ministries/agencies must agree with Bappenas and MOF on the weighting and proportion assumption being used during reconciliation meetings. Assumptions for weighting can be based on primary sources of data, including expert judgement, testing, and measurement, as well as secondary data sources. The use of assumptions and weights would need to be evaluated annually to ensure consistency, data validity, and comparisons over time. To enable continuity in tagging, the spending units of line ministries will need to ensure that additional codes are updated in FMIS applications (KRISNA and SAKTI). Agreed weights must also be applied consistently to enable effective comparisons over time. Thus, assumptions on proportion and weighting should be evaluated annually to ensure consistency and data validity. Table 2-2 shows examples of weighting application at the line-item budget of outputs.

Table 2-2. Examples of Programs with Activity Outputs, Volume, and Budget Allocations

Code	Programmes	Activities	Activity Outputs	Volume-Unit	Budget Allocation (in thousands of rupiah)	
					Total Output Budget	Allocation related to Stunting
023 05 09	Early-Childhood Education and Community Education Programme					
	2016	Provision of Early Childhood Education Services				
		006	ECED Institutions Implement an Integrative Holistic Approach	200 Institutions	10,450,140	
			<u>Components related to stunting:</u> 059 Provision of Early Childhood Education Initiation Assistance for 0-2 years old			3,387,400
024 01 11	Programme for Strengthening the Implementation of National Health					
	5610	Development of Health Financing and JKN/KIS				
		501	Coverage of Population registered as contribution assistance recipient (PBI) through JKN/KIS	96.8 Million People	26,716,800,000	
			<u>Budget assumptions related to stunting:</u> The proportion of PBI participants consisting of pregnant women and children under five was 2% and 10%, respectively (weight 12%). Furthermore, it is estimated that 70% of maternal and child health services provided through JKN support stunting prevention.			2,224,211,200
024 03 06	Community Health Guidance Programme					
	5833	Health Promotion and Community Empowerment				
		002	Healthy Living Campaign through Various Media	35 Services	35,854,105	
			<u>Sub-output related to stunting:</u> 002 002 Healthy Living Campaign through Various Media Stunting			4,550,401

Publishing the summary of line ministry/agency outputs being tagged as nutrition expenditure

Bappenas and MOF are tasked to jointly compile, produce, and disclose a summary of budget lines of the line ministries' outputs that support stunting reduction at the end of January in each budget year. This summary is prepared to identify the output (of activity) in budget line allocations related to stunting reduction. The summary of budget lines identified to reduce stunting is differentiated into three types of interventions, as follows:

1. Nutrition-specific interventions

This is the intervention that directly targets the cause of stunting, including: (a) the adequacy of food intake and nutrition; (b) feeding, care, and parenting; and (c) treatment of infection/disease. Most of these interventions are carried out by the Ministry of Health.

2. Nutrition-sensitive interventions

Sensitive interventions target indirect causes of stunting and are aimed at targeting families and the general public. These interventions mainly include (a) increasing access to nutritious food; (b) increasing awareness of, commitment to, and the practice of maternal and child-nutrition care; (c) increasing access to and quality of nutrition and health services; and (d) increasing the provision of clean water and sanitation facilities. In 2019, these interventions were carried out by 12 line ministries.

3. Assistance, coordination, and technical support intervention

In addition to the two interventions above, enabling factors are also needed to support the implementation of specific and sensitive interventions in an integrated manner, consisting of regulation, assistance, management, human resources, research support, coordination, monitoring, and evaluation. In 2019 there were 14 line ministries with outputs for assistance, coordination, and technical support for the implementation of stunting reduction acceleration programs.

Figure 2-3 shows that according to advanced analysis, the budget allocation supporting stunting reduction in FY 2020 reached IDR 27.5 trillion, a slight reduction from IDR 29 trillion of FY 2019 due to refocusing the budget to mitigate the Covid-19 disaster.

Figure 2-3. LM/A Budget Allocation Supporting Stunting Reduction of FY 2019 and FY 2020

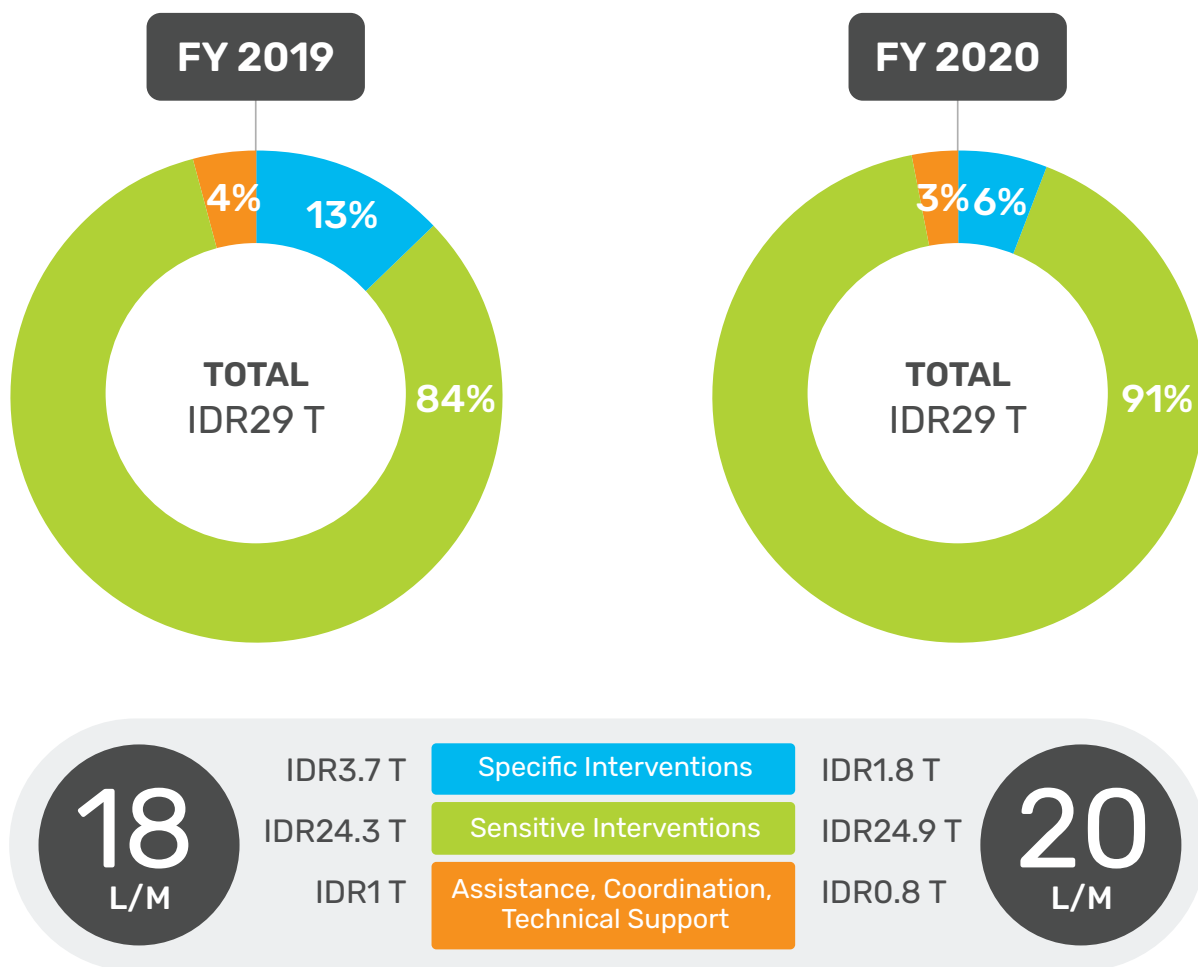


Table 2-3 shows the mapping of the budget allocation for FY 2020, where there were 20 line ministries producing outputs that supported the acceleration of stunting reduction and those outputs were grouped into three different interventions: (1) specific interventions, (2) sensitive interventions, and (3) assistance, coordination, and technical support. Based on the analysis, from the IDR 27.5 trillion budget allocated for activities related to stunting reduction, the largest portion of the budget was for sensitive interventions of IDR 24.9 trillion, followed by specific interventions of IDR 1.8 trillion and outputs related to assistance, coordination, and technical support of IDR 0.8 trillion.

Table 2-3. Mapping of Budget Allocations, FY 2020
Supporting Stunting Reduction Based on the Intervention Types

N°	Ministries / Agencies	Advanced Analysis of Output Budget Allocation Supporting Stunting Reduction			
		Specific Interventions	Sensitive Interventions	Assistance, Coordination, and Technical Support	Total
1	Min. of the State Secretariat	-	-	50,795,640	50,795,640
2	Min. of Home Affairs	-	-	24,427,484	24,427,484
3	Min. of Agriculture	-	56,534,810	-	56,534,810
4	Min. of Industry	-	1,580,000	-	1,580,000
5	Min. of Education, Culture, Research and Technology	-	3,387,400	251,286	3,638,686
6	Min. of Health	1,790,527,112	2,349,834,836	387,047,038	4,527,408,986
7	Min. of Social Affairs	-	5,598,174	-	5,598,174
8	Min. of Social Affairs	-	20,608,681,676	21,340,006	20,630,021,682
9	Min. of Marine Affairs and Fisheries	-	19,500,000	-	19,500,000
10	Min. of Public Works and Public Housing	-	1,751,128,251	64,351,411	1,815,479,662
11	Coordinating Min. for Human Development and Cultural Affairs	-	-	925,000	925,000
12	Ministry of Women's Empowerment and Child Protection	-	600,000	585,090	1,185,090
13	Statistics Indonesia	-	-	242,883,990	242,883,990
14	Min. of National Development Planning / Bappenas	-	-	15,342,000	15,342,000
15	Min. of Communication and Information Technology	-	14,000,000	-	14,000,000
16	National Agency of Drug and Food Control	-	53,757,761	-	53,481,019

N°	Ministries / Agencies	Advanced Analysis of Output Budget Allocation Supporting Stunting Reduction			
		Specific Interventions	Sensitive Interventions	Assistance, Coordination, and Technical Support	Total
17	Min. of Villages, Development of Disadvantaged Regions and Transmigration	-	-	3,500,000	3,500,000
18	National Population and family Planning Board	-	56,757,761	-	56,757,761
19	National Nuclear Energy Agency (BATAN)	-	-	310,000	310,000
20	Agency for the Assessment and Application of Technology	-	-	2,689,904	2,689,904
Total		1,790,527,112	28,997,037	814,448,849	27,526,059,889

Lesson #5

Carry out budget tracking to regularly monitor consolidated expenditure performance information.

Budget tracking involves tracking and reporting both financial and non-financial performance data. The activity consists of collecting information on how much was spent as well as what it was spent on, what it finances or buys (this refers to outputs and outcomes in the accounting framework in Annex A). Since these are directly linked to the delivery of services at the district and village level, the role of the subnational governments is critical in collecting such non-financial information. In order to enable meaningful reporting, it is important to assign responsibilities and resources for the collection, collation, and analysis of performance data. The task of coordination at the central level lies with Bappenas and the Secretariat of the Vice President and is accountable for data collection, processing, and the formulation of reports as well as providing inputs for improving data collection systems and data use to improve performance. The subnational-level monitoring is overseen by the Ministry of Home Affairs, guiding subnational governments on planning in alignment with national priorities.

Tracking-realized budgets at the central level are conducted using FMIS applications (SPAN). The SPAN has enabled the MOF to produce budget realization reports throughout the fiscal year in an accurate manner by using credible data in real time and online. SPAN is made up of 12 segments and the 62-digit accountancy classification or Chart of Account (CoA), which are applied throughout the budget formulation, implementation and reporting cycle. This has enabled the government to track budget realization compared to the initial budget allocations.

In addition to SPAN, another website-based monitoring and evaluation application that can be used as a source of data in analyzing performance is e-Monev, which was built by the Ministry of National Development Planning / Bappenas. The e-Monev system was developed as an effort to ensure an effective and efficient application of the mandate of Government Regulation No. 39/2006 on the Procedures for Controlling and Evaluating the Implementation of the Development Plan. The basis of the data used in e-Monev comes from Renja K/L (KRISNA) and RKA K/L. By using the e-Monev application, Bappenas can (1) monitor the implementation of development plans on a quarterly basis; (2) measure the achievement of the implementation of program/activity from the development plan on an annual basis; (3) monitor the achievement of National Priority targets; (4) facilitate line ministries/agencies to be able to interact among one another in conveying problems related to the implementation of programs/activities; and (5) support the implementation evaluation of national development plans.

Tracking of budget realization at the line ministry/agency (LM/A) level can also be done by using the LM/A application. This has been done, for example, using by the Integrated Budget Monitoring and Evaluation (PESAT) of the Ministry of Public Works and Housing; using the Information and Management Financial System (MOECRT SIMKeu) of the Ministry of Education and Culture; using the Budget Implementation Monitoring (MPA) of the Ministry of Religious Affairs; and using the Financial Information and Monitoring System (SIMONA) of the Ministry of Women Empowerment and Child Protection, among others. The tracking of LM/A budget realization can also be done manually by reviewing the budget proposal (RKA-K/L) data of each individual line ministry.

The various data systems need to be connected and easily accessible to provide ease in information sharing and analysis. A significant achievement in consolidating these varied information databases lies in the provision of SPAN as an open-source web-based platform, referred to as OM-SPAN or online-monitoring SPAN. All spending units financed by the central budget can check budget allocation and execution status at any time using this platform, connected to a recently developed online integrated performance monitoring application called SMART developed by the Ministry of Finance. The application records the output data of each spending unit in the line ministry or agency using OM-SPAN. Thus, information on budget realization and results at the output level are simultaneously accessible to track spending and outputs, enabling stock taking and quick evaluation by spending units. (World Bank 2018d; GFF 2020).

Table 2-4 illustrates the example of budget performance of few outputs with very high budget realization performance achievements and is associated with good output achievements (more than 90 percent of target) as the result of budget tracking exercises.

Table 2-4. Budget Performance Review, FY2020

N°	K/L	Output Code	Description	% Realization of Revised Ceiling	% Output Achievements
1	036 KEMENKO PMK	2552.001	Alternative Policy Formulation in nutrition security as well as maternal and child health and environmental health	91%	100%
2	010 KEMENDAGRI	1269.006	Issued Birth Certificate	93%	N/A
3	024 KEMENKES	2070.501	Research Results on Public Health Status in National Health Research Region II	93%	100%
4	023 KEMENDIKBUD	5634.018	Competency Improvement of Teachers in the Field of Kindergarten/Special Education (PLB)	95%	94.7%
		changed to 5636.005	Competency Improvement Technical Guidance (ToT) of Tiered Training for the Basic Level of Stunting Handling	90.8%	
5	024 KEMENKES	2072.053	Research and Development Results in the Humanities and Health Management	95%	100%
6	024 KEMENKES	2087.515	Guidance for Mobile Health Service (PKB)	96%	200%
7	080 BATAN	3446.007	Application of a Neutron Scattering Technique and Neutron Activation Analysis for Development and Nondestructive Testing of Advanced, Industrial, and Medical Materials, as well as Antiquities	96%	100%
8	054 BPS	2096.003	Timely Publications/Reports of People's Welfare Statistics	96%	99.8%
9	067 KEMEN DES PDDT	5483.011	Implementation of the Stunting Prevention Convergence in Villages	97%	100%
10	024 KEMENKES	2076.505	Health Human Resources (HRH) Strategic Training	98%	110.1%
11	027 KEMENSOS	2254.002	Family Capacity Building Meeting (P2K2) Training for the Facilitators of Conditional Cash Transfer Programme	98%	100%

Lesson #6

Carry out regular budget performance evaluations to inform strategic decision-making.

Budget performance evaluation is a process to measure, assess, and analyze the current year and previous year's budget performance to inform the budget allocation in the subsequent year. The budget performance evaluation has two functions: (1) Accountability function – to ensure accountability of line ministries/agencies (LM/A) on the utilization of budget managed in accordance with their authority, including budget and performance data availability, data timeliness, data quality and regular accountability towards performance; (2) Quality improvement function – to measure effectiveness and efficiency, as well as identify supporting and hindering factors for implementing the LM/A work plan and budget in order to increase budget performance and inform budget allocation policies. Data and information required to evaluate the budget are gathered from a variety of existing data collection and reporting systems, including data from line ministries/agencies (LM/A), and the government's FMIS covering planning, budgets and realized spending processes.

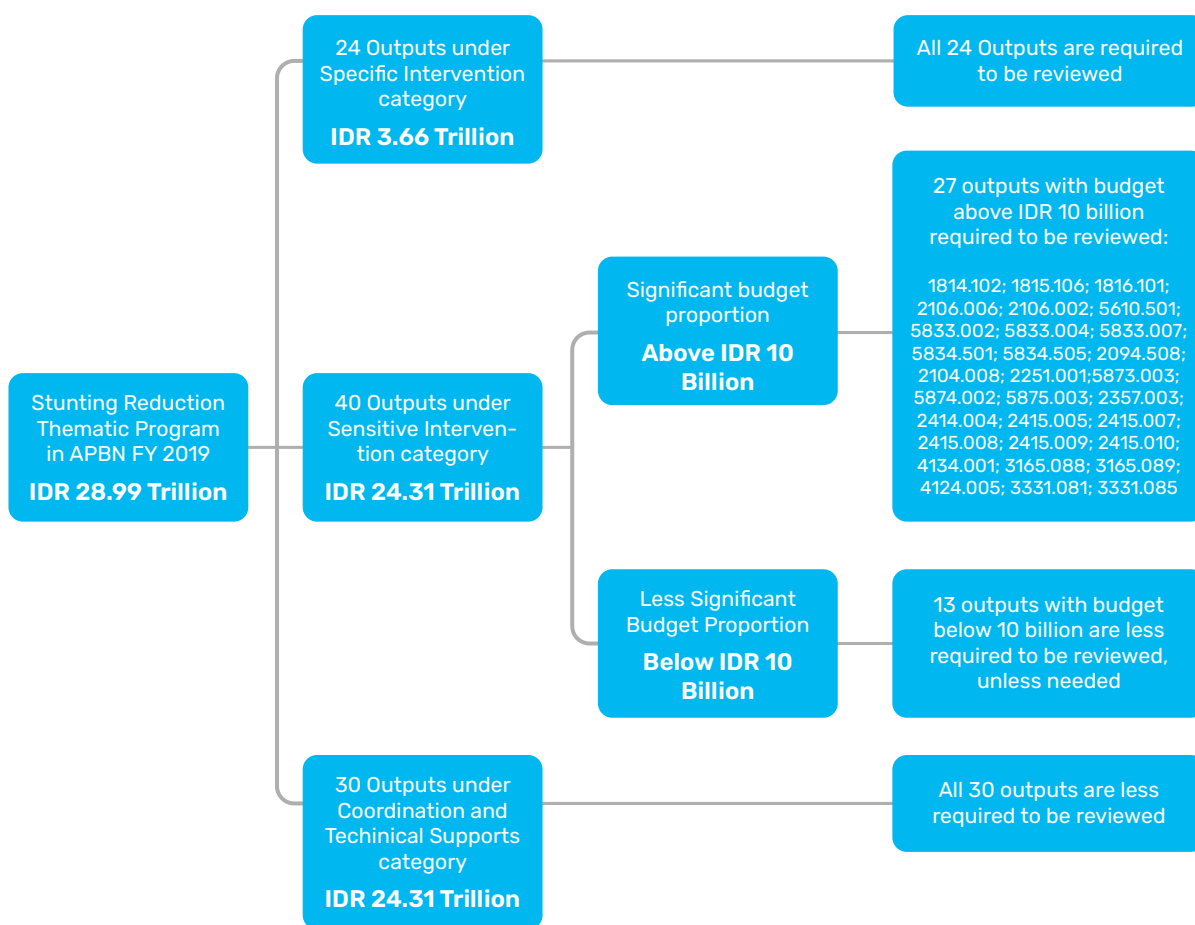
STRANAS performance evaluation has so far focused on analyzing stunting-tagged outputs from the central budget alone, due to problems associated with evaluating the subnational budget. It is difficult to get a holistic picture of spending by different levels of government. The analysis cannot be completed for all regional governments due to lack of consistent and comparable data as the budget classifications and chart of accounts for subnational governments have only recently been standardized across regions. This resulted in different definitions of programs and activities across the different regions, leading to challenges in consolidating and aggregating fiscal data nationally.

At the central level, the first step in evaluation is to track the proportion of the budget allocation at the output level relative to the total state budget allocated to reduce stunting. The evaluation then applies a simple decision tree diagram (see Figure 2-5) to review the cost efficiency and effectiveness of the produced outputs in contributing to the stunting reduction initiative. The next step is an analytical review of selected outputs for any potential improvement to the planning and budgeting policies related to stunting reduction. Finally, the analysis employs a rating instrument to review the individual output performance to decide on the budget and managerial actions for the following year.

The evaluation focuses on all outputs under the specific interventions and some under the sensitive category, based on which contribute most to the stunting reduction initiative. This is decided in terms of the amount of budget allocated to that output and the policy objectives. For example, it would include outputs with a budget proportion above

the threshold of IDR 10 billion.²⁹ The idea of prioritizing a core set of interventions is to reduce the burden on the analyst team by having them focus on the interventions that are the biggest drivers of expected results of the initiative given their size or direct effects on stunting. **Figure 2-4** provides a summative picture of this process.

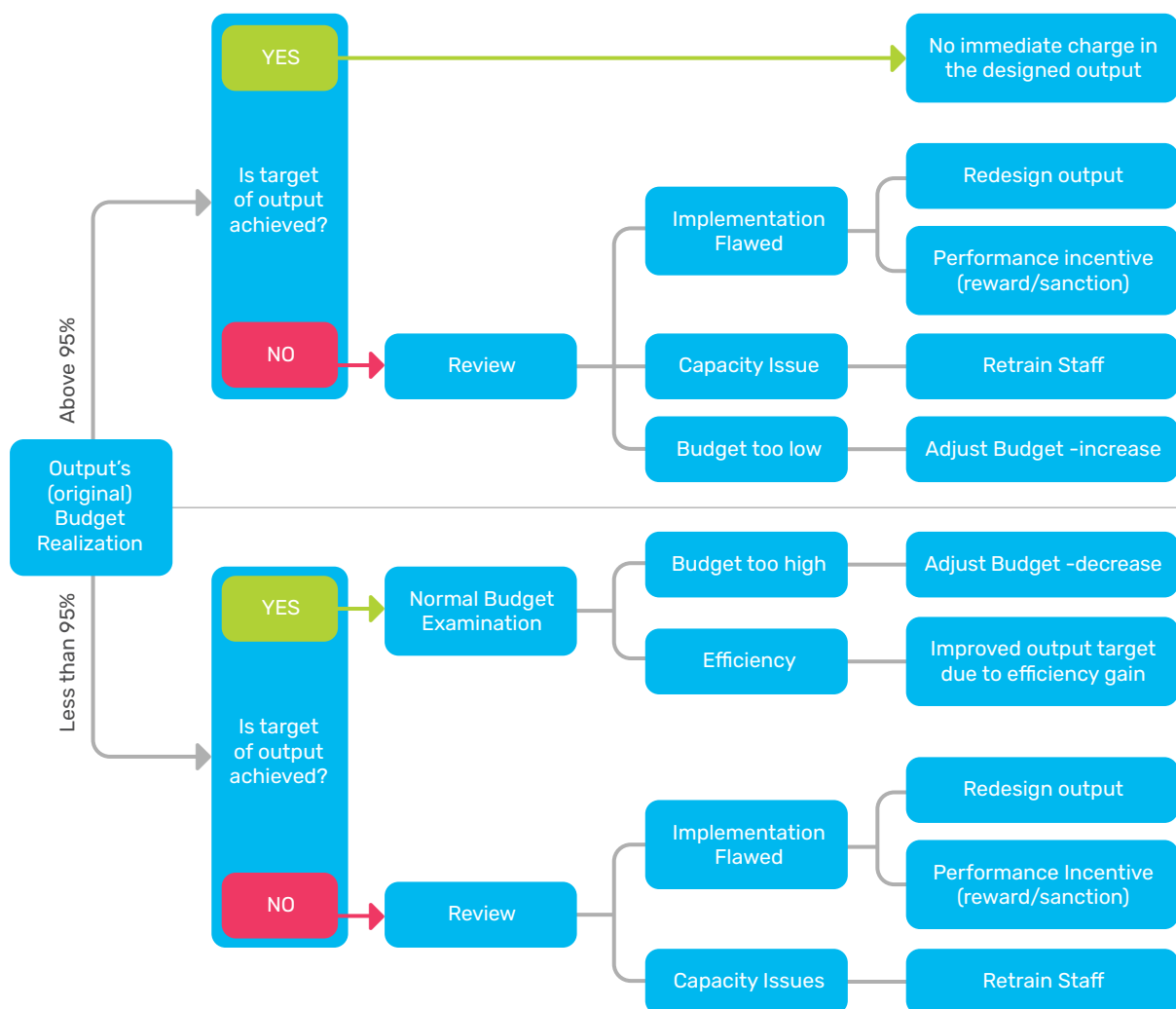
Figure 2-4. Evaluation Focuses on Outputs with the Most Impact on the Outcomes



29 The use of IDR 10 billion threshold to differentiate the significance of the nutrition sensitive intervention related to the total budget, can be changed if needed and agreed by the reviewer team

In order to evaluate the effectiveness and efficiency of the outputs, the reviewers compare the original budget allocation of the output against the realization. If the budget realization is above 95 percent, the reviewers move to the next step of assessing if the target output has been achieved or not. In case the target has been achieved, no change in output design is advised. However, if the target is not met, the output and activities are reviewed to identify if this was due to problems in implementation, lack of training or personnel (capacity issues), or the budget assigned being inadequate (see Figure 2-5).

Figure 2-5. Simple Decision Tree Diagram



A qualitative review is conducted through a questionnaire administered by Bappenas and MOF to decide on potential areas for improvement in planning and budgeting to improve future performance. The review employs a rating instrument to assess and quantify the performance of each selected output to decide on for future recommendations. These ratings and recommendations provide evidence of ineffective (or insufficiently effective) government spending usually in the form of unmet targets for key outcome indicators. This information may be accompanied by reports and evaluations that indicate budgeted funds are insufficient for meeting the target; not reaching the targeted recipients; not being used for the intended purpose; and/or simply not appropriate to the need. Some cases have also shown that line ministries were able to achieve the same amount of output with reduced budgets (due to COVID-19 budget refocusing), which further identified areas to improve spending efficiency. The recommendations would then relate to (1) changes in output design; (2) improvements in implementation and delivery of services; and (3) enabling better monitoring tools to track the performance of the output. The last (third) area of recommendations would aim to change design and improve implementation in an informed way through continual/real-time tracking, rather than course-correcting at the end of the fiscal year. On the basis of the evaluation results, the budget for the next fiscal cycle can be negotiated and more funding could be channeled for interventions that are successful, arbitrated by Bappenas and MOF (World Bank 2019).

Performance review report

As one of requirements under DLI #2 in the INEY PforR, Bappenas and MOF are to regularly produce joint semester and annual reports on the budget and development performance of the stunting reduction acceleration program. These reports are intended to evaluate the implementation of the stunting reduction program at the central government level. Through this report, the government strives to analyze the performance, including successes and obstacles in implementing the outputs of all participating line ministries that support stunting reduction, and to formulate recommendations for program improvement for the years ahead.

In the report, four analyses are made by the Bappenas and MOF team:

1. Analysis of tagging and ceiling development

Assesses the compliance level of line ministries in performing tagging on outputs that have been identified as supporting stunting reduction. Meanwhile, the analysis of ceiling development aims to investigate the consistency of line ministries in maintaining budget allocation commitments for outputs that support the acceleration of stunting reduction in budget execution

2. Budget performance analysis

Analyzes budget realization and output achievement of interventions carried out by line ministries supporting stunting reduction. In conducting this analysis, an advanced level of analysis was required to increase accuracy. This is because the analysis at the output level had the potential to be overestimated since at times not all of the output-level allocations are used for stunting reduction.

3. Analysis of development performance

Covers the analysis of convergence and intervention performance of outputs supporting stunting reduction. The convergence performance of LM/A outputs supporting the acceleration of stunting reduction is assessed by examining three aspects, namely: (a) the suitability of the intervention location, (b) the suitability of the beneficiaries targeted, and (c) coordination between stakeholders.

4. Analysis of the intervention performance in priority locations

This was carried out by analyzing the selected output implementations and their impacts on changes in output indicators in priority districts/cities.

The regular semester and annual report on budget analysis prepared by Bappenas and MOF is the first and only time this practice has been followed in Indonesia. So far, there are no other sectoral budgets being jointly reviewed and analyzed by Bappenas and MOF.³⁰ Implementation of the performance review report has resulted in a number of notable benefits, including:

- Performance monitoring of the stunting reduction program has improved in terms of nutrition data availability, timeliness, and quality/accuracy;
- Bappenas and MOF capacity to manage the stunting reduction program has improved in terms of outcome analysis, recommendations for course correction, and utilization in policy dialogue;
- Accountability of the stunting reduction program has improved in terms of identification of high/low performers, as well as mainstreaming stunting reduction to relevant line ministries. For example, budget realization and output achievement from priority nutrition interventions increased from 80–95 percent to 96.8 percent and 84.7 percent to greater than 90 percent, respectively;³¹ and

30 While this good practice of producing a joint report could be replicated and expanded to other sectoral thematic budget, there is a concern whether this practice will be continued after Bank-supported operations end.

31 Based on 2019 and 2020 expenditure and performance review reports.

- Convergence of the stunting reduction program has improved (access and utilization of priority interventions by beneficiaries) due partly to the increase in line ministry accountability.

Lesson #7

Designate the Secretariat of the Vice-President's Office as the leading coordinator for cross-agency implementation support.

The results of the evaluation are disseminated to relevant line ministries and utilized in policy discussions. Once the results of the evaluation are finalized, MOF and Bappenas jointly hold a dissemination meeting with relevant line ministries. The dissemination meeting provides a forum to present the results of the cross-sectoral evaluation, appreciate high-performing ministries, hold low-performing ministries accountable, discuss implementation challenges, and agree on next steps for the stunting reduction program. The dissemination meeting strengthens convergence by providing an opportunity for line ministries to share lessons learned and jointly address bottlenecks. Further, Bappenas and MOF utilized the results of the evaluation to guide policy dialogue in forums such as high-level political meetings (*Echelon 1* meetings) and National Stunting Summit, as well as to guide resource allocation by identifying service delivery gaps at the national level. Bappenas plans to improve central and subnational budget tagging in order to produce more comprehensive recommendations that will strengthen the linkage between budget tagging evaluations and resource allocation at the national, local, and community levels.

New Section on Stunting Expenditures in Financial Note document

The last requirement from DLI #2 of INEY is for MOF to prepare a statement on how the previous year's expenditure and performance review report informed the subsequent year's budget as reflected in the resource allocation on priority nutrition interventions in the Financial Note document (as supplementary to the budget bill) submitted to the Parliament. This step establishes a link between budget and performance data collected, data analyzed, and decision-making on stunting reduction to support nutrition intervention convergence. In the Financial Note of 2021 budget, MOF has added six pages describing the past, current and future budget on stunting reduction for the information of the parliament (and the general public). The narrative in the financial note includes (1) background and definition of the program for the acceleration of stunting reduction; (2) previous-year program evaluation results (budget and performance review); (3) current-year budgets that support the acceleration of stunting reduction; and (4) plans to improve quality of program implementation

for the next year ahead. Like similar practices in other countries, budget allocation decisions in Indonesia are often higher-level political decisions. Therefore, while it is required to ensure that the results and findings of budget monitoring and evaluation were actionable and utilized by relevant agencies as main inputs for deciding future budget allocations, there is no guarantee that the Parliament would approve the budget based on past performance evaluation alone. However, providing comprehensive data analysis and concrete recommendations to higher-level leadership will continue to support performance-based budgeting by linking the budgets with results and improved spending effectiveness and efficiency over time.



3. CONCLUSION AND LOOKING AHEAD

Indonesia has made significant strides in applying nutrition budget tagging, tracking and evaluation processes into its existing PFM system. It has achieved this through strong political will at the highest level. The stunting reduction program (STRANAS) is endorsed by the president and led by the vice president. A number of PFM-related policies and regulations have been passed to allow a segment of the budget, in the present case nutrition, to be tracked. A clear implementation framework outlining coordination across different ministries and layers of the government has also been devised. An extensive budget tagging exercise with weighting to quantify nutrition investments has also been implemented. A particularly significant achievement has been the formulation of a process to evaluate nutrition spending in order to improve performance for better results through course correction in the subsequent cycles. A clear design to evaluate central budget spending performance has been formulated. To enable monitoring, the country has established a well advanced FMIS. Attempts are underway to consolidate multiple sources of data and improve quality.

The improved capability of the government to track and evaluate nutrition expenditures is a continually evolving exercise, and Indonesia faces a number of challenges ahead to continue improving nutrition spending for better results. Areas to strengthen PFM systems for better nutrition results include (1) implementing budget tagging at subnational levels to more clearly link government spending on nutrition to outcomes. This includes systematizing the accounting of subnational data to allow for systematic analysis and evaluation of subnational spending that accounts for a third of the total national budget; (2) ensuring strong institutional and implementation arrangements that support the new Presidential Decree on stunting reduction; (c) strengthening and expanding the existing budget tagging, tracking and evaluation process at the national level; and (4) continuing to strengthen the link between evaluations and resource allocation decisions. These aspects are elaborated in the paragraphs below.

Implementing tagging at sub-national levels (provinces, districts, and villages).

Budget tagging has so far focused on the central government budget alone. This poses a significant constraint as limited information on spending at the sub-national government level makes it hard to connect spending to performance or outcomes to assess what the spending was buying and making the requisite changes in budget allocations in the next cycle. Consequently, it is difficult to get a holistic picture of spending by different levels of government due to different definitions of programs and activities across the different level of governments. This is exacerbated by a lack of consistent and comparable data, although standardized budget classifications and chart of accounts has recently been rolled out for use by sub national governments (provinces and districts) since the FY2021 budget cycle. However, the structures of the COA for the central government and SNGs are different (e.g., the SNG COA does not have an Output segment), so that an adjusted tagging approach will need to be developed to consistently identify and track spending on nutrition services by SNGs. It is suggested to use mapping or tagging of relevant programs and activities to national priorities, such as stunting reduction acceleration, as a solution for consolidation across levels of government. Although villages have the autonomy to decide how to use their budgets, they also need the training to understand how to plan, budget, and decide on allocations.

While tagging has been implemented for the central budget, spending units in line ministries also need to be continually trained to improve tagging.

There are two issues here. First, to be consistent with output nomenclature, it is important to allow continuity of intervention data for inter-temporal analysis and, if there are changes, to record these to help analysts. Second, the output tags need to be reflective of the program at the output level without the need to look for information at a more detailed level. This would help to generate correct spending estimates for nutrition, making weighting of the expenditures redundant. Further, the current national PFM application systems needs to further develop to enable capturing information on precise locations where the outputs are delivered – provinces, districts or even villages.

Strengthen various PFM reform initiatives at sub-national governments to evaluate the effectiveness of sub-national spending.

This includes further enhancements to the design of the standardized chart of accounts for SNGs as well as integration of data across various centrally developed systems for SNGs. Further to the implementation of standardized chart of accounts at the subnational level, the government also intends to map different program and activity classifications between central and sub-national governments and to synchronize key outputs and performance indicators for basic services delivered at the subnational level to enable standardized evaluation at both the central and subnational levels and to consolidate SNG data with central government for a whole-of-government dataset. To realize this reform objective, greater coordination needs to be achieved between MOHA and MOF to harmonize the chart of accounts and integrate the central and subnational accounts and have a robust mapping mechanism between program and activity codes among different levels of government to consolidate the whole-of-government expenditures. MOHA has also recently developed a new financial

management information system (Local Government Information System or SIPD) for use by SNGs to manage budget and expenditures across the whole PFM cycle from planning to reporting. SIPD is designed to implement the standardized SNG budget classifications and chart of accounts, which should further facilitate the tagging, consolidation and analysis of subnational budget and expenditure data. Recommendations for the design of the SNG COA to enable consistent and comparable SNG financial data include: (i) align the Program segment with the way services are delivered, to enable mapping of spending to performance indicators. This program segment could then ideally map to the function segment and to national policy objectives, such as stunting reduction acceleration; (ii) simplify the program and activity classification and definitions, so that SNGs are able to use them consistently, even with limited capacity; and (iii) map a standard set of output and outcome indicators to programs and activities, outside the COA.

Ensuring strong institutional and implementation arrangements. Successful multisectoral nutrition programs require effective management that is sustained across political cycles. With the new institutional arrangement mandated by Perpres 72/2021, the government of Indonesia needs to ensure that the responsibility for overall program coordination remains at an institution at the leadership level. This has been considered as one of the best-practice components of the Indonesia's whole-of-government design. Furthermore, Bappenas and MOF are expected to issue regulations to formalize and regularize this mechanism for tagging, tracking, monitoring and evaluation processes of stunting related expenditures to be part of their routine work.

Strengthen and expand the existing budget tagging, tracking and evaluation process at the national level. This can be achieved in a number of ways, such as these:

1. Continue to improve the methodology for performance review. Bappenas and MOF may consider applying an evidence-based rating instrument to review individual outputs and can provide stronger recommendations for budgetary and managerial action.
2. Integrate financial and non-financial data systems for better monitoring and evaluation, including improvements to database systems (e.g., creation of a dashboard) to consolidate all stunting related data that is now scattered across various line ministries' systems.
3. Bappenas and MOF can move beyond tagging and/or tracking the existing budget lines by: (a) introducing/creating the new cross-agency program, activity and output on stunting expenditure based on other best countries' experiences (i.e., creating new cross-agency program nomenclature for a parenting and early stimulation program which is intended to consolidate scattered activities different line ministries such as Ministry of Health, Ministry of Education and BKKBN); and (b) amending existing budget line activity's outputs (by adding/ reducing/ deleting/restructuring) to improve accuracy and relevance for stunting reduction (i.e., component to be improved as new outputs for more actual nutrition spending data without a need to do weighting estimations).

Optimally use performance review results to inform resource allocation for the next budget cycle. Although the first rounds of evaluation have been done for the 2019 and 2020 budget cycles at the central level, this does not clearly feed into the next budget cycle. The line ministries' commitment and ownership must be retained to continue their active involvement in tagging, tracking and evaluating budget performance. The government should establish clear incentives and sanctions to ensure that the result of past performance evaluations will be used as inputs for resources allocation of the years ahead. It might be necessary to align performance evaluation process with the budget timeline since such an extended timeline impedes utilization of evaluation results in a timely manner. Line ministries start to work on the preparation of budget for year T in year T-1 using the baseline information from year T-2. Thus, the preparation of actual budget does not reflect the most recent performance evaluation results. Technical assistance and capacity building needs to be provided to the staff of not only Bappenas and MOF but also the respective line ministries who work in planning and budgeting to improve the link between planning and budgeting processes aimed to achieve better results.

In conclusion, Indonesia has made enormous strides in making central government's nutrition budget tagging, tracking and evaluation to implementing its stunting reduction nutrition strategy. The complexities, especially in a decentralized system of governance, are significant though not unsurmountable. The progress made by Indonesia offers many positive lessons for other countries.

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Annexes

Annex A. Results framework to accelerate stunting reduction

Objectives	Targets ^a	Interventions and implementation agencies	Outputs, Outcomes and Impacts
<i>Nutrition-specific</i>			
Improve maternal and child health and nutrition in 1000-day households	Reduce low birthweight Reduce diarrhea Improve micronutrient status	Iron folic acid supplementation for pregnant women; Antenatal care/post-natal care; Basic immunization; Deworming <i>Implementation agency: Ministry of Health at the central level; District Health Office and community health centers at the subdistrict level (Puskesmas); and integrated service posts (Posyandu) at the village level</i> Vitamin A supplementation; Growth monitoring & promotion Infant Young Child Feeding (IYCF); Multiple micronutrient powder for children <i>Implementation agency: Ministry of Health, District Health Office and Puskesmas and Posyandu</i>	Output measures include: Coverage of nutrition-specific and nutrition-sensitive interventions in priority districts / municipalities Coverage of nutrition-specific and nutrition-sensitive interventions in priority target groups ('first 1,000 days of life' households).
<i>Nutrition-sensitive</i>			
Improve water, sanitation and hygiene (WASH)	Reduce diarrhea and improve micronutrient status	Access to clean water <i>Implementation agency: Ministry of Public Works and Health at the central level and the district level offices</i>	Outcome measures include: Incidence of diarrhea Incidence of Acute Respiratory Infection Prevalence of wasting in children under 5 (balita kurus)
	Reduce diarrhea and improve micronutrient status	Access to sanitation <i>Implementation agency: Ministry of Health, District health office and Puskesmas, and Posyandu</i>	
Reduce under-nutrition through birth spacing and nutrition counselling and improved food security through social insurance	Improve micronutrient status; Improve access to healthcare	Access to family planning services; Provision of youth sexual and reproductive counselling <i>Implementation agency: National Population and Family Planning Board (BKKBN) Puskesmas and the Family Planning Program (PKK) at the village level</i>	Prevalence of anemia in pregnant women Prevalence of Low Birth Weight Exclusive breastfeeding coverage
		Delivery of JKN (Social Health Insurance) Delivery of Jampersal (Pregnancy Insurance) <i>Implementation agency: Social Security Agency, BPJS, run at the national level</i> Provision of nutrition counselling <i>Implementation agency: Ministry of Health, District Health Office, Puskesmas and Posyandu</i>	
Raise awareness and change behavior through education	Improve micronutrient status	Provision of parent counselling; Provision of stimulation home visits <i>Implementation agency: Ministry of Education and Culture with district offices</i>	Impact measures include: Reduction in stunting prevalence (measured as height for age in 1000-day cohort) in districts Annual increase in number of priority districts / municipalities successfully reducing stunting prevalence Number of stunting cases prevented each year
Provide conditional social assistance to improve health care coverage	Improve micronutrient status	Nutrition-sensitive conditional cash transfer program, PKH ¹ <i>Implementation agency: Ministry of Social Affairs with district office</i> Ministry of Social Affairs with district offices	
Improve food security	Improve micronutrient status	Increase in food fortification, Nutritious food security programs <i>Implementation agency: Ministry of Agriculture with district level agriculture offices.</i>	

^a Each target is expected to be reported with a baseline measure to which the progress can be compared. For example, the baseline for percentage of women that consume IFA was 33% in 2018. BKKB: Badan Koordinasi Keluarga Berencana Nasional (National Population and Family Planning Boards); PKK: Pendidikan Kesejahteraan Keluarga (Family Planning Program); JKN: Jaminan Kesehatan Nasional (Social Health Insurance); JAMPERSAL: Jaminan Persalinan (Pregnancy Insurance); BPJS: Badan Penyelenggara Jaminan (Social Security Agency); PKH: Program Keluarga Harapan (Conditional Cash Transfer Program);

1 PKH: Program Keluarga Harapan (Conditional Cash Transfer Program)

Annex B. Nutrition-specific and nutrition-sensitive interventions outlined in Indonesia's nutrition strategy

Nutrition-specific interventions	Nutrition-sensitive interventions
<p>1. Pregnant women</p> <ul style="list-style-type: none"> a) Supplementary feeding b) Iron folic acid supplementation c) Iodized salt d) Deworming e) Protection from malaria 	<ul style="list-style-type: none"> 1. Access to clean water 2. Access to sanitation 3. Access to hygiene facilities 4. Access to materials to pen animals 5. Access to family planning services 6. Delivery of JKN (Social Health Insurance) 7. Delivery of Jampersal (Pregnancy Insurance)
<p>2. Lactating women and children 0-6 months</p> <ul style="list-style-type: none"> a) Promotion of early initiation of BF b) Promotion of exclusive breastfeeding c) Assisted delivery d) Iron folic acid e) Basic immunization f) Monthly growth monitoring and promotion 	<ul style="list-style-type: none"> 8. Provision of parent counselling 9. Provision of universal ECED services 10. Provision of youth sexual and reproductive counselling 11. Provision of social assistance to poor households 12. Increase nutritious food security
<p>3. Lactating women and children 6-23 months</p> <ul style="list-style-type: none"> a) Continued breastfeeding and complementary feeding b) Deworming c) Zinc supplementation d) Iron fortification e) Complete immunization f) Protection from malaria g) Diarrhea prevention h) Integrated Management of Child Illness (IMCI) i) Increase in food fortification j) Provision of nutrition counselling 	

Annex C. Indicators to measure progress on supporting pillars for the results framework for stunting reduction - Five pillars for the national strategy for stunting reduction in Indonesia

Indicators	
<p>Pillar 1</p> <p>Ensure stunting reduction is a government and community priority at all levels</p>	<ul style="list-style-type: none"> • Annual Stunting Consultation Forum at the national level • Memorandum of Agreement (Nota Kesepakatan) on stunting reduction signed by leaders of priority districts / municipalities • Annual Stunting Consultation Forum at the level of priority districts / municipalities and villages
<p>Pillar 2</p> <p>Increase public awareness and community behavioral change to reduce stunting</p>	<ul style="list-style-type: none"> • Percentage of the public naming stunting as one of the top-10 most important issues in child health and nutrition • Implementation of consistent and sustainable behavior-change campaign at national and regional levels • Issuance of regional regulations incorporating behavior-change campaign and communication
<p>Pillar 3</p> <p>Strengthen convergence through coordination and consolidation of central, regional and village programs and activities</p>	<ul style="list-style-type: none"> • Implementation of convergence in national programs / activities on stunting reduction in priority districts / municipalities. • Program / activity implementation performance in reducing stunting at the level of priority districts / municipalities • Number of priority districts / municipalities implementing Convergence Actions and Integration Actions • Percentage Village Funds (Dana Desa) utilized for priority nutrition intervention activities.
<p>Pillar 4</p> <p>Increase access to nutritional food and encourage food security</p>	<ul style="list-style-type: none"> • Percentage of priority targets receiving non-cash food assistance and/or other forms of food assistance in priority districts/municipalities. • Policies associated with increasing food fortification • Access of priority targets to nutritious food
<p>Pillar 5</p> <p>Increase monitoring and evaluation to ensure quality services, improved accountability, accelerated learning</p>	<ul style="list-style-type: none"> • Annual publication of statistics on stunting reduction at national and district/municipal levels • Study of government budgets and spending on stunting reduction • Utilization of and improvements to data systems • Implementation and reporting on periodic monitoring and evaluation

Source: Government of Indonesia 2018.

Annex 4. Coordination across different levels of government

The Government of Indonesia has carefully devised multi-level coordination. At the central level, stunting prevention is integrated into the planning and budgeting process. All relevant line ministries/agencies allocate budget for specific and sensitive intervention outputs according to STRANAS. The government has established a committee to Accelerate Stunting Reduction with a Steering Committee headed by the Vice President and the Coordinating Minister for Human and Cultural Development as the deputy and ministers and heads representing 22 line-ministries and agencies as members. The Committee also consists of a Board of Directors and a technical team. At the provincial Level coordination is carried out through meetings every three months to discuss stunting reduction, including harmonization of regional policies and targets with those at national level, reallocation of resources, budgets, capacity building, partnerships as required for the convergence of nutrition services, and the implementation of oversight and guidance in districts / municipalities.

Line Ministries / Agencies in Stunting Reduction Programs

- | | |
|---|---|
| 1. Coordinating Ministry for Human and Cultural Development | 12. Ministry of Religious Affairs |
| 2. Ministry of National Development Planning / National Development Planning Board (Bappenas) | 13. Ministry of Social Affairs |
| 3. Ministry of Home Affairs | 14. Ministry of Industry |
| 4. Ministry of Finance | 15. Ministry of Women's Empowerment and Child Protection |
| 5. Ministry of Health | 16. Ministry of Research and Technology |
| 6. Ministry of Agriculture | 17. Ministry of Trade |
| 7. Ministry of Maritime Affairs and Fisheries | 18. Ministry of Cooperatives and SMEs |
| 8. Ministry of Education and Culture | 19. National Agency for Food and Drug Control (BPOM) |
| 9. Ministry of Public Works and People's Housing | 20. National Population and Family Planning Board (BKKBN) |
| 10. Ministry of Communication and Informatics | 21. National Statistics Agency (BPS) |
| 11. Ministry of Villages, Disadvantaged Region Development and Transmigration | 22. Office of the Secretary of Cabinet* |

*LM/A partners providing coordination and technical support such as research and study

Along with the involvement of the highest leadership, roping in actors closer to service delivery is particularly important for successful delivery of interventions. Therefore, coordination plays a critical role in stunting reduction at the *district/municipal* and *village* levels. These participants form the backbone of the implementation process with all interventions eventually rolled out through the country's primary healthcare system comprised of 9,700 community health centers called *Puskesmas* and mobile health facilities called the *Posyandus*. But the local bodies closest to implementation may not feel a part of the policy making process and lack an understanding of how critical their role is.

A local policy environment is crucial in supporting the convergence of stunting reduction interventions by aligning regional policies with national policies and local conditions. In particular, the role and capacity of district governments to improve nutrition-related services coverage and convergence are viewed as critical, as they were responsible for delivering most of the relevant services in health, water supply and sanitation (WASH) and early childhood education (ECED). At the household level this translated into the more interventions a single family receives across the different areas the more effective stunting reduction would be seen, for example, Skoufias 2018). Hence, the need for coordination to converge the work of these different areas so that families at the ground level are receiving the interventions managed by the different sectors. Districts/municipalities are also expected to implement oversight and guidance in priority nutrition interventions that are convergent (integrated) at subdistrict and village level. They conduct monitoring through monthly meetings to discuss stunting reduction reporting and progress, including preparing guidance plans.

At the *sub-district level*, stunting reduction intervention coordination is led by the subdistrict head, acting as a coordinator of the subdistrict. Coordination is implemented through periodic meetings with representatives at the subdistrict, village, and community levels to discuss progress in stunting reduction programs, including preparing various forms of support, supporting data-based planning and budgeting processes, conducting data monitoring and verification and guiding activity implementation at village level. At the *village level* the village head is in charge of stunting reduction activities, especially those related to the provision of data on stunting reduction intervention targets, poor families and 1000-day households, families with children five years of age, and the services they receive. These data are used to prepare stunting reduction activity proposals for priority targets. Village heads are responsible for ensuring available manpower to work as Human Development Cadres to facilitate the integrated implementation of stunting reduction interventions at the village level.



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