

Special Report

SMERU

Results of a SMERU Rapid Field Appraisal Mission: Implementation of Special Market Operation (OPK) Program in Five Provinces

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ACRONYMS AND ABBREVIATIONS

BKKBN	National Family Planning Agency
BRI	Indonesian People's Bank
BULOG	National Logistics Agency
DKI Jakarta	Special Capital Area of Jakarta
DOLOG	National Logistics Agency at Province Level
GOI	Government of Indonesia
HIID	Harvard Institute for International Development
PHK	Lay-off
PPLKB	Family Planning Staff at Sub District level
PKB	Family Planning Staff at Village level
PPKBD	Family Planning Worker at RT/RW level
KPS	Pre-Prosperous Households
KS1	Prosperous Households category 1
KTP	National Identity Card
KUD	Village Cooperative Unit
OPK	Special Market Operations
SMERU	Social Monitoring and Early Response Unit
Balai Desa	Village Hall
Bupati	District Head
Camat	Sub-District Head
Kepala Desa/ Lurah	Village Chief
Kabupaten	District
Kecamatan	Sub-District
Kelurahan/ Desa	Village

**Results of a SMERU Rapid Field Appraisal Mission:
Implementation of BULOG's *Operasi Pasar Khusus* (OPK)
in Five Propinsi**

A SMERU Special Report

Abstract: As an important part of monitoring the social safety net program being launched in response to Indonesia's ongoing crisis, SMERU¹ fielded teams of Crisis Impact Field Researchers to observe and investigate the implementation and status of the National Logistics Agency (BULOG) program *Operasi Pasar Khusus* (OPK), from late October to mid of November 1998. These field teams visited 21 urban areas and 19 rural areas in five propinsi — DKI Jakarta, Central Java, Central Sulawesi, Maluku and South Sumatra (a detailed list of the areas visited is provided in Annex I). **The SMERU team used this research to answer five key questions:**

- ❖ **Is the OPK program well-targeted?**
 - OPK is reaching needy people, but not all needy people are receiving OPK.
- ❖ **Is the administration of OPK running smoothly?**
 - In some areas the delivery and payment mechanisms are operating well, but in many areas local government and their agents need to be given more adequate operational budgets and guidelines that allow for innovation.
 - The requirement that recipients pay for all of their allotment at once is burdensome and keeps some of the most needy from gaining access to this program.
 - Payments by local governments to Dolog for rice allocations are lagging significantly in many sites.
- ❖ **Is OPK suffering from leakage, wastage, or similar problems?**
 - No information was uncovered concerning wastage, re-sale, corruption, or malfeasance.
 - While no specific information was observed regarding leakage, the team identified 3 potential areas in which such problems might occur and would be worth further study. These are the issue of operational costs, delays in the transfer of payments for OPK rice between the collections points and the Dolog offices, and the weighing of the rice in the warehouses.
- ❖ **Has public information and outreach about OPK been effective?**
 - Public information and outreach has been inconsistent, inaccurate, and ineffective.
- ❖ **Is the OPK rice of acceptable quality?**
 - OPK rice is low to medium quality. In general program beneficiaries found it acceptable, with the exception of one research site in Semarang where the rice was considered to be of very poor quality.

In conclusion, these results suggest that OPK's effectiveness as a safety net program would benefit from:

- a detailed and systematic outreach and public information campaign that emphasizes the goals and duration of the program as well as the eligibility and rules, allowing communities to monitor OPK at the kelurahan/desa level
- more consistent operational support from the center to the field, including clear guidelines that explicitly allow local officials to innovate within defined parameters
- more transparent and balanced budgetary support, including guidelines for how the Rp. 95/kilo "operational costs budget" is to be divided among the different links in the delivery chain
- consideration of an increase in the operational costs budget to include small amounts to facilitate community monitoring (e.g. to cover transport expenses for community members to the distribution or weighing sites).
- refinement of program guidelines, based on a comparative assessment of the relative costs and potential impact of several options, such as:
 - revising the needs-based criteria to formally include new criteria such as : 1) families that consume protein only once a week, 2) families with children who are not in school, and 3) families led by unemployed adults, or PHK (*pemutusan hubungan kerja*).
 - revising the eligibility criteria to include single parent or individual households and those without valid KTPs
 - doubling the monthly allocation to 20 kilos
 - moving to a locally-based targeting system

¹ SMERU is the Social Monitoring and Early Response Unit, a project of the World Bank

Background

On July 1, 1998, in response to increasing food insecurity caused by the deepening economic crisis, the Government of Indonesia announced a new social safety net program called *Operasi Pasar Khusus Keluarga Pra-Sejahtera* (OPK) – Special Market Operations for Pre-Prosperous Households. Like the more general *operasi pasar* in which the government injects rice into commercial markets in order to stabilize prices of this essential staple food, this program is implemented by the National Logistics Agency, BULOG. OPK is implemented in collaboration with the National Family Planning Board (BKKBN) and local government officials in all of Indonesia's 27 propinsi.²

The original program design called for BULOG, through its provincial and kabupaten *Dolog* offices, to make available 10 kilograms of medium-grade rice every month to the target households for purchase at the subsidized price of Rp. 1,000 per kilo. Depending on the prevailing market price of rice in the location in question, the value of this support to each household has changed, especially during the extreme volatility of late August and early September. On average, this monthly distribution now represents the equivalent of a cash transfer of about Rp. 15,000 per household – less than 30% of the GOI-calculated poverty line for a household of one person, and less than 6% for a household of five.

To date, there has not been a systematic representative or nation-wide assessment of OPK and its implementation or impact, although several excellent site-specific analyses have been conducted; for example, the HIID project at the Ministry of Finance has conducted rapid field assessments of OPK in Lombok and West Java. Because of the importance and scope of OPK as a cornerstone of the GOI social safety net program, gaining a better understanding of OPK implementation in the field was an early priority for SMERU almost immediately after the unit was created. From late October through mid-November, teams of SMERU Crisis Impact Researchers visited five propinsi to learn more about the implementation of OPK: DKI Jakarta (North, West and East Jakarta), Central Java (Semarang and Magelang), Central Sulawesi (Donggala and Poso), Maluku (Ambon), and South Sumatra (Muara Enim and Ogan Komering Ilir). The sites were selected as being representative of regional and local variations and as having all reported food security problems (see Annex I for a detailed list of SMERU areas visited). The SMERU field teams sought to answer five questions:

- ◆ Is the OPK program well-targeted?
- ◆ Is the administration of OPK running smoothly?
- ◆ Is OPK suffering from leakage, wastage, or similar problems?
- ◆ Has public information and outreach about OPK been effective?
- ◆ Is the OPK rice of acceptable quality?

The SMERU team's findings and observations are described in detail in the following pages.

Targeting

OPK uses household-level data collected by the National Family Planning Agency (BKKBN) to identify the neediest households. BKKBN data focus on five indicators of overall standard of living and well-being – food intake, housing, clothing, and medical and religious practices. Households failing to meet a minimal standard **on any one** of these five variables are designated as “pre-prosperous families”, or *keluarga pra-sejahtera* (KPS).

²The propinsi of Bali was initially excluded from OPK programming because BKKBN data showed that Bali had no poor, “pre-prosperous” families. The BKKBN data for Bali were revised in October 1998 when a rapid poverty assessment was undertaken, showing clear evidence of an increasing number of poor food-insecure families in a large number of locations throughout Bali.

These minimal standards include:

- eating at least twice every day
- having a floor that is not primarily dirt
- having different clothes for work and leisure
- going to a medical clinic (as opposed to a traditional healer) when children are sick
- following the fundamental practices of the family's religion

When the most recent data were collected, (BKKBN surveys are done annually at the beginning of the calendar year; thus, the most recent data are from January – March 1998), approximately 7.3 million households were identified as KPS, or poor — roughly 15% of Indonesia's population. Soon after the program began, reports began filtering back to Jakarta that, because of the deepening economic crisis, many families in the next-higher BKKBN category – *keluarga sejahtera satu*, or KS1 – had slid down into much more desperate circumstances and were as needy as those already called “poor” (KPS). At this juncture, the government has announced its intention to expand the OPK program to include KS1 families as well – an expansion which has the potential of increasing the number of families served by up to 130%. The expansion is occurring gradually as people are added to the programme in each kabupaten.

Several important caveats exist to the usefulness of the BKKBN data, which were apparently not considered in the original OPK program design. The first is that only married households are included in the BKKBN data – thus, households with single heads, or widows, or groups of single people living together, are not included. A second important drawback is that even though national policy does not require an identity card (KTP) for inclusion in the program, in specific urban areas it was found that many families cannot be included and categorized if their head of household does not possess a national identity card issued by and valid for the location in which they are living. The crisis has intensified the movement of newly unemployed workers and families displaced by drought and fires, adding to the already acknowledged high number of unofficial residents of big cities like Jakarta, Semarang, Surabaya, and Medan. Consequently, the KTP issue in urban areas is a substantial one which may represent an under-counting of literally millions of people who should be listed as poor and food-insecure.

At the local level, BKKBN officers (PPLKB, PKB, and PPKBD)³ update the OPK lists every month. This has led to an increase in the size of KPS reported by regions from 7.3 million families (original plan) to 12.8 million families (BULOG report, 22 October 1998). Nevertheless, these figures have not been officially released which shows a total of 8.07 million KPS according to BKKBN's September 1998 report. Annex II provides target numbers from BKKBN's September report and BULOG's October report. As a comparison, Annex III shows the target numbers from the implementation guidelines. In addition to the original five BKKBN criteria used to categorize families as KPS, there are three additional criteria being unofficially used to identify needy families: 1) families that consume protein only once a week, 2) families with children who drop out from school, and 3) families led by unemployed adults, or PHK (*pemutusan hubungan kerja*). These additional “updating” criteria have not been formally announced by the central BKKBN office in Jakarta, but in the field these additional criteria are actively being used and are considered appropriate. In fact, PPLKB workers and kelurahan/desa administrators were the investigators of and advocates for these additional criteria.

- In **DKI Jakarta**, the SMERU team observed an apparently unique operational policy for updating the targeting data: potential recipients who do not possess appropriate identity card are still included in the BKKBN survey if they reside in the area. DKI Jakarta's implementation guidelines show the necessity for this identity card even though not in the general juklak. This is a highly appropriate response to an obviously pressing problem, since the urban and peri-urban unemployed are among the most food-insecure families and those hardest-hit by the crisis.

³PPKBD (*Pembantu Petugas Keluarga Berencana/Desa*) is a Family Planning Field Worker at the RT/RW level
PKB (*Petugas Keluarga Berencana*) is a Family Planning Field Worker at the Kelurahan/Desa level
PPLKB (*Pengawas Petugas Lapangan Keluarga Berencana*) is a Family Planning Field Worker at the Kecamatan level

However, this initiative on the part of local officials has clear operational and budgetary consequences. DKI Jakarta has calculated that based on these additional criteria, by September a total of 48,556 families belong on their OPK lists. This will require a dramatic expansion in the OPK program as the earlier OPK distributions in DKI Jakarta were based on a list generated by previous BKKBN data showing only 23,384 families.

- In **Maluku**, in the Ambon area, the number of KPS families seemed to be increasing based on community perceptions, but BKKBN officers had not updated their data since there had been no instructions from BKKBN (For 3 months, the same BKKBN data had been used for OPK, totaling 2,214 families). However, kelurahan/desa administrators had taken the initiative to update the lists in the absence of directives from the provincial center. The location-specific criteria they chose to use included: 1) reduction in total food consumption, 2) reduction in rice consumption, 3) poor widows, 4) orphans, and 5) main task as a fisherman/farmer.⁴

Allocation

The original OPK allocation of 10 kilos is only a fraction of the average normal monthly food requirements of most recipient households, which average 1-1.5 kilos per day depending upon family size. Nevertheless, even at the subsidized price, the total payment required is out of reach of many of the target group. In particular, the requirement to pay for such a large amount of rice all at one time is inconsistent with the consumption patterns of the target group, who normally purchase their rice on a daily basis. Consequently, many of the target group are only able to collect their OPK rice after borrowing from family or neighbours or selling small assets.

While the government's recent announcement of plans to increase the distribution of subsidized rice from 10 to 20 kilos per family was greeted with enthusiasm by beneficiaries interviewed by SMERU, it was also clear that this would intensify the payment problem. One possibility is to consider retaining the single monthly delivery (to avoid increasing the logistical burden) combined with a system of phased payments (perhaps once a week or on four separate occasions during a single distribution month).

The OPK program was judged to be especially beneficial by participants in Maluku, where the normal staple food is not rice. In that region, the amount of money required to purchase enough non-rice staple food for 2 persons for 1 meal can buy enough OPK rice to fulfill the needs of 3-4 persons for 2 meals.

Rice Availability

At the national level, BULOG reports that the rice stock set aside for OPK is sufficient for the next four to five months. Field reports from *Dolog* suggest that there are no ongoing problems with stocks or availability.

Distribution Methods

OPK is a centrally designed program with national guidelines that are intended to be implemented uniformly in every region throughout Indonesia. In the field, SMERU teams found that distribution methods vary from one region to another, and they observed that in most cases these variations are appropriate and effective responses to differing local challenges and conditions. In four of the five propinsi visited by SMERU, most aspects of the implementation process – financing, payment schedules, storage and handling of rice, and the organizations responsible for each stage of the program – have been tailored to the local conditions and geography of the area. And in these four propinsi, the locally - initiated changes seem to be working reasonably well and resulting in effective logistical implementation.

⁴While data from the recently completed *Kecamatan* Rapid Poverty Assessment reveals that most of Maluku has escaped being hit hard by the crisis, several of the additional criteria being used there are potentially quite useful. For example, since only married households are included in BKKBN lists, including a criteria for widows helps to catch those households who might have “fallen through the cracks”.

- The one propinsi visited by SMERU where the original national guidelines were generally being strictly followed was **Central Sulawesi**, where *Dolog* is attempting to use its own staff to deliver rice directly into the hands of the target group. In many other propinsi, recipients are asked to pay their contribution prior to the delivery date. (An interesting aspect of the Central Sulawesi program was that when *Dolog* weighed the OPK rice for the first distribution, students and community members were asked to monitor and observe the process! Unfortunately, this involved a considerable amount of time and money, and the students have been reluctant to maintain their involvement in the monitoring because of these logistical difficulties.)

Because of limited *Dolog* staff and great distances between locations, the “*Dolog-only*” delivery system in Central Sulawesi has resulted in only 35% of the OPK rice reaching the beneficiaries, with the reminder still waiting in central warehouses. Local staff reported that transportation difficulties caused a total of 15 days to elapse between planning the phase and OPK payment realization. Other problems reported in Central Sulawesi include:

- In the Kabupaten of Donggala and Poso, the number of *Dolog/Sub-Dolog* officers is limited and many target households are in locations which are difficult to reach; in Poso 20-25% of the total OPK recipients are in “hard-to-reach” locations. For those areas, the kepala desa has been asked to collect the rice from the Kecamatan office, creating further delays and burdening kelurahan/desa officials with transportation expenses for which they are not reimbursed.
- *Dolog* throughout this propinsi has a policy of rotating the OPK distribution schedule, which has resulted in some easily accessible areas receiving 3-4 distributions, while other distant locations have received only one.
- In UPT Lena, an isolated area, *Dolog* decided not use its own staff to distribute the rice. Instead the OPK rice was distributed by a local KUD official to the target recipients. The result was disorder: the total number of approved recipients was 114 households, but KUD distributed rice to a total of 250, with each household being allotted 4 kgs rice. In addition, the KUD used this opportunity to force the members to pay their monthly fee. The majority of the penduduk kelurahan/desa did not approve of this KUD approach, and protested by not buying their allotment of rice. As a result, 340 kilos of OPK rice remained undistributed.
- In **DKI Jakarta**, rice is delivered by the *Dolog* to the Kecamatan office, and then the PPLKB officer from each Kelurahan/Desa office is required to come to collect it. Then each PPKB worker from the RT / RW level obtains the rice from the Kelurahan/Desa office and distributes it to the approved recipients.
- In **Central Java**, two different patterns were observed. In the city of Semarang, the *Camat* gives the rice delivery order to the kepala desa. The Kepala Desa arranges transportation from *Dolog*'s warehouse. In Magelang, the delivery order is given to the Kecamatan officer and transportation to the balai desa is coordinated by the Kabupaten Economic Department. From that point, there are two distribution patterns: 1) after the rice arrives at the Balai Desa, distribution is handled by the PKB at the kelurahan/desa level, or by the local PKK, or 2) the whole distribution is handled by government official.
- In **Maluku**, the Bupati requests OPK rice from the head of *Dolog* in accordance with the data. The head of *Dolog* then issues a delivery order in the name of the unit on duty, and official who receive the rice from the *Dolog* warehouse. Then the Kecamatan office provides transportation and arranges delivery from *Dolog* to the balai desa. (In Maluku, there was concern over variation in the actual weight of the 50-kilo OPK bags. This frequently occurs because of the practice of weighing only a small sample of the bags. One Kelurahan/Desa official forced to subsidize the replacement of up to 8 kilos of rice to bring the amount in his kelurahan/desa up to the exact requirements.)

- In **South Sumatra**, following the first delivery of OPK rice in August OPK now is implemented by a team established by the Governor in September 1998. The team members - and the main actors in delivering OPK - are BKKBN and *Dolog*. According to *Dolog*, they are responsible for distributing the rice to the kelurahan/desa, and so they manage the operational cost budget of Rp. 95/kilo. In fact, *Dolog* only delivers the rice to the kecamatan administration; the subsequent distribution down to the kelurahan/desa level is handed over to the kelurahan/desa administration. The SMERU team did find that some operational monies were provided by *Dolog* for these final phases of distribution, ranging from Rp. 10/kilo in the Kabupaten of Ogan Komering Ilir to Rp. 30/kilo in the Kabupaten of Muara Enim.

Based on these diverse observations, the SMERU teams conclusion is that uniform logistical implementation is not occurring at present and may indeed not be desirable. National guidelines should be revised to provide performance standards for the timely and appropriate delivery of OPK rice and also provide a reasonable operational budget for each propinsi, taking into account the geographical circumstances. At the same time those guidelines should explicitly allow local officials to be innovative in designing procedures which will be most effective in their area, as some of them are already doing.

Methods of Payment

Payment methods were found to vary as much as delivery methods, and include the following alternatives : (i) recipients are asked to pay in cash to the *Dolog* officer or to the PLKB/kelurahan/desa administrators; (ii) the kelurahan/desa administrator pays in cash to the kecamatan administrator or sometimes the kelurahan/desa administrator makes a bank transfer to BRI; and (iii) the kecamatan administrator pays in cash to *Dolog*.

- **DKI Jakarta**, was originally planned to be the first propinsi to receive OPK rice but in fact had only started its distributions in September. The SMERU field team found that of all the areas visited DKI Jakarta had the most significant trouble with method of payment to *Dolog*. According to information provided by *Dolog* in early November 1998, 15 out of a total of 43 kecamatan in DKI Jakarta had not yet paid for their OPK distribution for September 1998. To solve this problem, *Dolog* sent its official to collect the money directly from the kecamatan officials and has delayed the second distribution to those kecamatan pending full payment. Several kecamatan officials reported that they had received the money paid by the Kelurahan administration but that they “did not know how to pay it” to *Dolog*. The field team was not able to clarify why the kecamatan in Jakarta had not been given the proper account transfer information, as is done in many other propinsi.
- In **Central Java**, especially in rural areas, the rice payment is collected 1-3 days before the OPK rice is distributed. Recipients collect the money (depending on the number of families) and give it to the RT/RW official to forward to the Kepala Desa. In urban areas, such as in the city of Semarang, recipients prepare the money in advance but actually hand it over directly after receiving their rice. In Semarang the kepala desa collects all the money and gives it to the camat, who then transfers it to the *sub-Dolog* through the BRI Semarang branch.
- In **Maluku**, recipients paid their money directly to the field official from Kelurahan. Then 1-4 days after the recipients received their rice, Lurah gave payments to the kecamatan in cash. The kecamatan then pays the monies to the kabupaten administration, who will then transfer them to the *Dolog/Sub-dolog*, again in cash. All these payments, from the target to *Dolog*, takes more than a week, while the national guidelines require that it be completed in less than a week.
- In **Central Sulawesi**, there are two payment mechanisms: 1) direct payment on the OPK distribution date from each recipient to the *sub-Dolog* official; or 2) the *sub-Dolog* official receives the money in advance from the Kelurahan/Desa administration or PPLKB officer.
- In **South Sumatra**, *Dolog* showed data revealing that 50% of payments were in arrears in September, which in turn influenced the distribution in October (which was only 50% of the total amount requested). According to recipients, the kepala-kepala desa, and the kecamatan, the transfers were made to *Dolog*'s

account. The SMERU team saw a copy of the transfer receipt. However, *Dolog* insists that there are 160 kecamatan and 2,973 kelurahan/desa in South Sumatera which are all currently in arrears.

As with the method of delivery, some flexibility in the method of payment may be warranted; however, the SMERU teams observation is that procedures should be clear, well-publicized, and transparent. Otherwise, there is a risk of misunderstanding perception and of malfeasance and corruption occurring.

Information Dissemination

The information provided to the target groups and their communities about the OPK program was very poor in almost every region that SMERU visited. This is explained by: 1) doubts on the part of officials about the continuation of the program and fears about not being able to comply with the demands of the local community, (this is understandable since the original plan for a nine-month program was later amended so that OPK will run only until March 1999); and 2) concern about generating additional demands from within the community on the part of people who had not been included in the OPK target lists. Two specific examples illustrate the problems created by inadequate community information and outreach programs:

- In **Kabupaten Magelang**, a very open orientation program was conducted about the OPK assistance. The community received information through a series of public meetings at venues that included kelurahan/desa, hamlets, and local neighbourhood associations. However, the information provided was aimed mostly at preparing the target group to gather the amount of money required to pay for the rice and to ensure that the delivery aspect of the OPK program ran smoothly. Officials did not explain to the community the OPK program goals, criteria for OPK selection, or the duration of the program.
- In contrast, in **South Sumatra**, an orientation program was conducted that was very effective indeed. Detailed information reached the RW/RT local neighbourhood level, including material on the program's goals and its planned duration over a nine-month period. **However**, to the extreme disappointment of the community, the information was not followed-up by effective implementation and delivery.

Recognizing that revisions to the OPK program are still being discussed at the highest levels, the SMERU team suggests that as soon as the program's revised parameters are determined, a public information campaign should be planned to target **both** the general public and local government officials. Information provided must include a clear explanation of the OPK goals and constraints (focused on poor food-insecure families), eligibility rules, locale-specific methods of delivery and payment processes, and the program's duration.

Quality of Rice

SMERU field teams found that the quality of the OPK rice was generally acceptable. It is rated officially as "medium" (ex Thailand 25% broken, China 25% broken, Pakistan 15-25% broken), although according to one SMERU team the actual quality of rice delivered seemed, upon physical inspection, to be of a lower than average quality.

The only serious problem area was in the city of Semarang, where despite accepting the rice as a consequence of their poverty, the beneficiaries were vocally dissatisfied with the quality of the rice delivered. The SMERU team concurred with the people, observing that the OPK rice was dirty, badly broken, discoloured, smelly and on the verge of spoiling.

Operational Costs

BULOG has confirmed that there is an operational cost charged to the government. The approved budget is Rp. 100 per kilo, Rp. 95,- per kilo for delivery cost and Rp. 5 per kilo for evaluation. If more than this amount is required then it is also possible to submit estimates for transport and operational costs to BULOG for payment.

The Family Planning Field Workers (PPLKB, PKB, and PPKBD), who were originally responsible only for providing data about the target group, have become key players in facilitating the distribution of the OPK rice

and payments. The SMERU teams observed very dedicated work being performed by the Family Planning Field Workers (PPLKB, PKB, PPKBD). However, this ever-expanding set of tasks has been performed without adequate resources. The Family Planning Field Workers have not been supported by the operational budget allocation intended for transportation and loading/unloading expenses. In fact, SMERU has discovered that sometimes those funds have been paid quite in properly to senior officials in the provincial and kabupaten governments.

- Specifically, in **Central Java**, the SMERU team was informed that the portion of the Rp. 95/kilo operational cost budget that was paid out by *Dolog* for costs in the field (first Rp. 40/kg, later increased to Rp. 60/kg) were used instead as honoraria for the Assistant Governor, Bupati, and heads of departments, right down to the kecamatan level, with individuals receiving amounts ranging from Rp.75, 000 up to Rp.500, 000 per month. Meanwhile the key officials at the local level, the PPLKB, receive only a small incentive payment of Rp.2,000 – 3,000. In spite of the existence of the operational budget, in some areas target recipients were asked to pay a transportation fee, varying up to Rp. 300 per 10 kg. allotment, depending on the distance. Even that amount, as PPLKB field workers pointed out to SMERU, is only enough money for a one-way trip to the balai desa.
- **DKI Jakarta** did not receive operational cost budget allocations for its first distribution in September, and thus the kelurahan/desa and kecamatan were required to provide the funds for this, including car rental and loading fees. *Dolog* provided Rp. 60/kg as a packaging fee for the second distribution in one area of Jakarta (Jatinegara). According to the implementation guidelines, the OPK rice price excludes packaging. (*Note: After being informed by SMERU team members about the existence of an operational costs budget at BULOG, some local officials have now started to submit their budget requests for subsequent distributions*).
- In **Maluku**, especially Ambon City, the average operational cost is Rp. 225/kg, which is paid by *Dolog* through the local government of Ambon City. Every kecamatan is asked to submit an operational cost estimate. Local government will then provide a subsidy depending on the target location, varying from Rp. 49/kg to Rp. 570/kg. In some areas, plastic bags were provided for sale along with the rice (Rp. 500/10kgs). However, this money is refundable if recipients refuse to buy the plastic bags.
- In Donggala and Palu, **Central Sulawesi**, the operational cost is Rp. 87—92/kg, and for long distances it is Rp. 100/kg. The average operational cost is Rp. 93/kg.
- In **South Sumatra**, the operational cost budget is Rp. 95/kg for all transportation and unloading up until the rice reaches the target recipients. However, in the field, *Dolog* only distributes the rice to the kecamatan level, and pays out only small amounts for operational costs, varying from Rp. 10/kg in the Kabupaten of Ogan Komering Ilir to Rp. 30/kg in the Kabupaten of Muara Enim. There was no systematic explanation for the differences in kecamatan level payments. Because of the small amounts provided by *Dolog*, the beneficiaries in one kelurahan/desa were required to pay an additional charge of Rp. 300 per kilo for transportation. In other kelurahan/desa in the area, the kepala desa covered those costs because “he was rich enough to pay it”.

Leakage and Re-Sale

During the field teams’ observations, SMERU did not find evidence to prove any leakage or exploitation by third parties of the OPK rice stocks, although the problems with management of payments as described above suggest areas of potential vulnerability. The SMERU team also looked for but found no evidence that OPK rice was being diverted and resold at a higher market price.

Monitoring Systems

In some areas, a team has been formed to handle OPK, usually consisting of the kabupaten administration, BKKBN and *Dolog*. Their objective is to handle planning, execution, observation, and evaluation, but in most cases to date the coordination has been weak. There have been anecdotal reports of isolated community intervention in or responses to the OPK distribution process, but the only formal community monitoring activity found by SMERU in the field was in Sulawesi where, as mentioned earlier, students and community group members were present when the OPK rice was weighed, to contribute to the openness and transparency of the process. In general, the operation is led by officials from BKKBN and *Dolog*, with assistance from local officials like the kepala desa and camat, and there is no systematic monitoring. In each location visited, the SMERU teams were the first “outsiders” to observe the field implementation of this important social safety net program.

Conclusions

The SMERU field teams identified initial answers to five questions:

- ❖ **Is the OPK program well-targeted?**
 - OPK is reaching needy people, but not all needy people are receiving OPKs
- ❖ **Is the administration of OPK running smoothly?**
 - In some areas the delivery and payment mechanisms are operating well, but in many areas local government and their agents need to be given more adequate operational budgets and guidelines that allow for innovation.
 - The requirement that recipients pay for all of their allotment at once is burdensome and keeps some of the most needy from gaining access to this program.
 - Payments by local governments to Dolog for rice allocations are lagging significantly in many sites.
- ❖ **Is OPK suffering from leakage, wastage, or similar problems?**
 - No information was uncovered concerning wastage, re-sale, corruption, or malfeasance.
 - While no specific information was answered regarding leakage, the team identified 3 potential areas in which such problems might occur and would be worth further study. These are the issue of operational costs, delays in the transfer of payments for OPK rice between collection points and Dolog offices, and the weighing of the rice.
- ❖ **Has public information and outreach about OPK been effective?**
 - Public information and outreach has been inconsistent, inaccurate, and ineffective.
- ❖ **Is the OPK rice of acceptable quality?**
 - OPK rice are low to medium quality. In general project beneficiaries it acceptable, with the exception of one research site in Semarang where the rice was considered to be of very poor quality.

In conclusion, these results suggest that OPK’s effectiveness as a safety net program would benefit from:

- a detailed and systematic outreach and public information campaign that emphasizes the goals and duration of the program as well as the eligibility and rules, allowing communities to monitor OPK at the kelurahan/desa level.
- more consistent operational support from the center to the field, including clear guidelines that explicitly allow local officials to innovate within defined parameters
- more transparent and balanced budgetary support, including guidelines for how the Rp. 95/kilo “operational costs budget” is to be divided among the different links in the delivery chain
- consideration of an increase in the operational costs budget to include small amounts to facilitate community monitoring (e.g. to cover transport expenses for community members to the distribution or weighing sites).
- refinement of program guidelines, based on a comparative assessment of the relative costs and potential impact of several options, such as:

- revising the needs-based criteria to formally include new criteria such as : 1) families that consume protein only once a week, 2) families with children who are not in school, and 3) families led by unemployed adults, or PHK (*pemutusan hubungan kerja*).
 - revising the eligibility criteria to include single parent or individual households and those without valid KTPs
 - doubling the monthly allocation to 20 kilos
 - moving to a locally-based targeting system

Annex I. LIST OF SPECIAL MARKET OPERATIONS AREAS VISITED BY THE SMERU TEAM

Province	District	Sub District	Village	Respondents
Jakarta 26 October – 13 November 1998	West Jakarta	Kebon Jeruk Tambora	Kebon Jeruk (urban) Duri Kepa (urban) Kalianyar (urban)	30 OPK recipients 9 non OPK recipients + BULOG
	North Utara	Tanjung Priok Cilincing	Kebon Bawang (urban) Sungai Bambu (urban) Rorotan (urban) Marunda (urban)	+ Ministry of Food Affairs + BKKBN – Central BKKBN at provincial level Dolog
	East Jakarta	Jatinegara Kramat Jati	Kampung Melayu (urban) Cipinang Besar Utara (ur) Kramat Jati (urban) Tengah (urban)	Sub district administration Village administration RT/RW BKKBN staff
Central Java 26 October - 3 November 1998	Semarang	Semarang Utara Gunungpati	(urban) (urban) (rural) (rural)	12 OPK recipients Dolog/Sub Dolog Sub district administration Village administration
	Magelang	Pakis (north part) Salaman (south part)	(rural) (rural) (rural) (rural)	RT/RW BKKBN staff Rice retailer
Central Sulawesi 5 – 14 November 1998	Palu	Palu Barat	(urban)	17 OPK recipients 4 non OPK recipients
	Donggala	Parigi Benawa	Masigi (urban) Loji (urban) Bantaya (urban) Toboli (rural) Malimboro (rural) Toale (rural)	District administration BKKBN staff Dolog Sulteng Sub Dolog Poso Sub district administration Village administration
	Poso	Poso Pesisir Pamona Utara	Kasiguncu (urban) Tambarana Trans (rural) Tentena (urban) Sangira (UPT Lena) (rural)	RT/RW Rice retailer KUD officials
Maluku 5 – 13 November 1998	Ambon	Teluk Ambon Baguala Sirimau	Laha (urban) Leahari (rural) Batu Merah (urban) Hukurila (rural)	11 OPK recipients Dolog District administration BKKBN staff Sub district administration Village administration Rice retailer
South Sumatera 10 – 19 November 1998	Muara Enim	Muara Enim Gelumbang	Muara Harapan (rural) (new village) Gumai (rural) (traditional village) Talang-Taling (rural) (modern village)	12 OPK recipients Dolog/Sub Dolog District administration BKKBN staff Sub District administration Village administration
	Ogan Koiring Ilir (OKI)	Pedamaran (southern part) Indra Jaya (northern part)	Rangkui (rural) (new village) Muara Penimpung (rural) Salatiga (rural) (traditional village)	

Note: Number of Rural areas observed: 19
Number of Urban areas observed: 21

Annex II. SPECIAL MARKET OPERATION TARGET NUMBERS

NO.	Province	BULOG ^{*1)}		BKKBN ^{*2)}	
		Central Government August-September	Regional data ^{*3)}	KPS	KS1 ^{*4)}
1	D.I. Aceh	157,914	403,177	157,914	241,675
2	North Sumatera	157,017	148,532	157,017	610,418
3	Riau	105,666	141,468	105,666	218,803
4	West Sumatera	16,348	243,257	16,348	208,429
5	Jambi	58,223	58,223	58,223	83,926
6	South Sumatera	208,332	591,394	208,332	379,418
7	Bengkulu	45,981	89,070	45,981	78,242
8	Lampung	447,054	642,664	447,054	351,061
9	DKI Jakarta	23,389	48,555	23,389	189,969
10	West Java	708,951	3,115,832	708,951	2,090,827
11	Central Java	2,661,980	3,097,963	2,661,980	1,178,107
12	D.I.Yogyakarta	111,124	122,465	111,124	111,809
13	East Java	1,987,103	2,224,038	1,987,103	1,503,499
14	West Kalimantan	69,802	75,591	69,802	28,395
15	East Kalimantan	25,663	147,006	25,663	252,425
16	South Kalimantan	21,990	27,246	21,990	212,333
17	Central Kalimantan	32,221	150,487	32,221	278,438
18	North Sulawesi	67,051	81,058	67,051	118,133
19	Central Sulawesi	104,568	227,051	104,568	148,932
20	South-East Sulawesi	72,089	67,702	72,089	112,056
21	South Sulawesi	78,114	105,885	78,114	125,977
22	Bali	12,133	44,927	12,133	106,640
23	West Nusa Tenggara	176,975	197,115	176,975	440,358
24	East Nusa Tenggara	384,596	449,477	384,596	116,542
25	Maluku	98,900	^{*5)}	98,900	126,535
26	Irian Jaya	142,823	260,087	142,823	80,376
27	East Timor	95,719	97,876	95,719	39,685
	Total	8,071,726	12,858,146	8,071,726	9,433,008

Sources: ^{*1)} BULOG report 22 October 1998
^{*2)} BKKBN report 16 September 1998
^{*3)} Based on reports by Dolog and local government

Notes ^{*4)} KS1 who were now in more desperate circumstances (to KPS level)
^{*5)} There is no report available from this region

Annex III. SPECIAL MARKET OPERATION UPPER-LIMIT TARGET NUMBERS

No.	Province	KPS*	Reserve **	Upper-limit target
1	D.I. Aceh	139,049	239,036	378,085
2	North Sumatera	93,721	454,750	548,471
3	Riau	74,022	215,113	289,135
4	West Sumatera	12,035	217,386	229,421
5	Jambi	35,273	99,978	135,251
6	South Sumatera	186,871	391,102	577,973
7	Bengkulu	41,304	74,941	116,245
8	Lampung	346,335	318,590	664,925
9	DKI Jakarta	2,104	191,117	193,221
10	West Java	570,423	2,310,252	2,880,675
11	Central Java	2,455,962	1,180,243	3,636,205
12	D.I.Yogyakarta	107,850	114,187	222,037
13	East Java	1,951,330	1,487,100	3,438,430
14	West Kalimantan	69,812	269,785	339,597
15	East Kalimantan	15,466	106,251	121,717
16	South Kalimantan	21,131	195,055	216,186
17	Central Kalimantan	24,588	123,008	147,596
18	North Sulawesi	81,058	147,265	228,323
19	Central Sulawesi	105,916	123,709	229,625
20	South-East Sulawesi	66,054	107,551	173,605
21	South Sulawesi	48,450	467,432	515,882
22	Bali	0	0	0
23	West Nusa Tenggara	188,156	296,734	484,890
24	East Nusa Tenggara	361,638	206,126	567,764
25	Maluku	106,205	116,476	222,681
26	Irian Jaya	153,579	80,957	234,536
27	East Timor	95,720	41,025	136,745
	Total	7,354,052	9,575,169	16,929,221

Sources : Implementation Guidelines

Ministry of Food and Horticulture / BULOG, 10 September 1998

Note: *) *keluarga pra-sejahtera* = poor family

**) KS1 who were now in more desperate circumstances (to KPS level)