



1. Project Data

Project ID
P106384

Project Name
Strengthening Indonesian Statistics

Country
Indonesia

Practice Area(Lead)
Governance

L/C/TF Number(s)
IBRD-80380,TF-98283,TF_0-98283

Closing Date (Original)
31-Dec-2016

Total Project Cost (USD)
83,000,000.00

Bank Approval Date
07-Apr-2011

Closing Date (Actual)
31-May-2017

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	65,000,000.00	350,000.00
Revised Commitment	8,455,447.92	216,437.66
Actual	8,455,447.92	216,437.66

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2. Project Objectives and Components

a. Objectives

The Project Development Objective (PDO) as set out in the Loan Agreement (page 5) was *to increase the effectiveness and efficiency of the Indonesian National Statistics Office (BPS) to produce and disseminate reliable and timely statistics in accordance with international standards and best practices, and to be responsive to user needs.*



The PDO set out on page 4 of the Project Appraisal Document had the same formulation.

The achievement of objectives will be assessed separately for effectiveness and efficiency.

b. Were the project objectives/key associated outcome targets revised during implementation?

Yes

Did the Board approve the revised objectives/key associated outcome targets?

No

c. Will a split evaluation be undertaken?

No

d. Components

The Statistical Capacity Building-Change and Reform for the Development of Statistics (STATCAP-CERDAS) project had five components:

Component 1: Improved statistical quality (estimated cost at appraisal US\$26.28 million; actual cost US\$2.86 million). The component was to streamline and integrate BPS's statistical business processes. This was to include strengthening of data collection and processing, and the statistical methodology for selected statistical product lines. It was to result in better detection of process errors, reduced duplication and increased interoperability of data and systems, and more reliable and timely statistical products.

Component 2: Improved ICT platform and statistical information management (estimated cost at appraisal US\$24.00 million; actual cost US\$0.63 million). The component was to standardize and centralize BPS's IT systems and infrastructure to support statistical information management; and it was to introduce a common and integrated statistical system, including survey, collection management, statistical and analytical processing, and dissemination systems, and data warehousing. It was to result in better access for customers to source information and analysis tools, and increased transparency in statistical products.

Component 3: Improved human resources management and development (estimated cost at appraisal US\$11.03 million; actual cost US\$1.28 million). The component was to strengthen BPS's human resource policies and practices, shifting the emphasis from personnel administration towards people management. This was to include upgrading capacity in the human resources bureau to sustain the changes that were being initiated under the project, strengthening training policies, programs and capacity, and introducing performance based management and incentive schemes.

Component 4: Improved organizational alignment (estimated cost at appraisal US\$4.23 million; actual cost US\$4.8 million). The component was to restructure BPS's organization in line with new business processes and functions.

Component 5: Project management (estimated cost at appraisal US\$3.69 million; actual cost US\$6.1 million).



million). The component, which supported two key bodies – a project steering committee and the project management unit – was to ensure integration across components and manage change across the organization.

Significant changes

The project underwent a Level 2 restructuring in April, 2014. The restructuring had been preceded by a two year period during which project implementation had stalled due to changes in BPS leadership, the elimination of the Project Management Unit (PMU), and efforts by a new manager to reduce the project scope. Restructuring, once decided on, changed the scope of the project from comprehensive institutional reform to BPS's core business processes, involving the design and implementation of the statistical applications system to enable a more efficient production and dissemination of statistics. Altogether US\$47 million under the IBRD loan, and US\$14 million in counterpart funds were cancelled, and the Closing Date was extended. The PDO remained unchanged, and some key indicators were adjusted.

Subsequently the project was cancelled, when a key element of the project, procurement of new information technology, ran into difficulties (Section 11).

A split evaluation of the project will not be undertaken, since no disbursements had been made at restructuring.

e. Comments on Project Cost, Financing, Borrower Contribution, and Dates

Project Cost. Total project costs at appraisal were estimated at US\$83.00 million (IBRD65.00 million). Actual costs were US\$ 10.30 million (IBRD US\$8.46 million). The breakdown by component in Section "d" above indicates only IBRD amounts. No breakdown of the counterpart budget was available.

Financing. The project was financed by an IBRD Loan of US\$65.00 million, and a Trust Fund of US\$0.35 million. US\$8.46 million of the Loan was spent, and US\$0.22 million of the Trust Fund. During level 2 restructuring, the scope of the project was reduced, and the Loan was set at US\$47 million. At cancellation of the project, US\$8.46 million of the Loan had been spent.

Borrower contribution. The Government initially provided US\$14.00 million in counterpart financing. This was reduced to US\$8.37 million during Level 2 restructuring. The actual amount spent was US\$1.62 million.

Dates. The Project was approved on April 7, 2011 with an initial Closing Date of December 31, 2016. During a Level 2 restructuring in April, 2014, the Closing Date was extended to November, 2018. The project was suspended in December, 2016, and cancelled on May 1, 2017.

3. Relevance of Objectives

Rationale



With the devolution of many public service delivery responsibilities and related planning and budgeting authority to district governments in the early 2000s, information flows and feedback between national and sub-national levels weakened. At the same time, availability of good statistics for informed, evidence-based decision-making and effective monitoring of development strategies at all levels became more important. Existing arrangements, notably a strongly centralized national statistics system was no longer sufficient, as the need for relevant, accurate, timely, and disaggregated data became paramount. The Government launched a National Strategy for Development of Statistics (NSDS) aimed at ‘better, faster, cheaper’ services, and requested World Bank support in reforming the system. STATCAP-CERDAS was the response.

Today, continued statistics reform remains as important, as the economy develops and as decentralization takes stronger hold. The Government, in its mid-term development plan for the period 2015-2019, underlines governance and bureaucratic reform as a necessary condition for achieving its longer term development aims; and its continuing commitment to statistics reform is confirmed by the continued allocation of significant budget resources to building statistical capacity. Bank assistance for statistics reform was signaled as one of its priorities in the FY 2009-2012 Country Partnership Strategy (CPS). There, under the theme of “investing in Indonesia’s institutions”, the project was to be a cross-cutting contributor to better public financial management and governance. The current Country Partnership Framework covering FYs 2016-2020, while no longer explicitly flagging support for statistics reform, does continue to emphasize the Bank’s role in institution-building and in decentralization to which the project may loosely align.

Rating

Substantial

4. Achievement of Objectives (Efficacy)

Objective 1

Objective

To increase the effectiveness of the Indonesian National Statistics Office (BPS) to produce and disseminate reliable and timely statistics in accordance with international standards and best practices, and to be responsive to user needs

Rationale

Theory of change: *Effectiveness* was to be increased by raising the quality of statistics, and by improving human resource management. Statistical quality was to be raised by introducing a quality assurance framework across BPS units; establishing a common business register; and establishing a data warehouse. These outputs were to be underpinned by an improved ICT platform and information management system. Improvements in human resource management were to be driven by aligning human resource policies with BPS future strategic directions, and the establishment of a performance management system. Success was to be measured by using an internationally agreed quality assurance framework for official statistics, where measures of success include dimensions of Accuracy, Relevance, Timeliness, Accessibility, Coherence, and Interpretability (ICR, page 5).



Outputs

Improved statistical quality

- A quality assurance framework was developed, but has not yet been implemented.
- A detailed design document of the intended business register had been finalized, but its effectiveness had not yet undergone review.
- An integrated data and information service system supported by a data warehouse was to be available by the end of the project. By project closing, the enterprise architecture and the statistical business framework architecture had been finalized and agreed to by BPS executives. Detailed design documents were in the process of being finalized.

Considering the state of advancement of the quality assurance framework, the business register, and the data warehouse, it is plausible that the processes will be completed within a reasonable period of time following project closing.

Improved ICT Platform

Improving ICT and information management systems is a key strategy in moving towards the goal of improving statistical quality. While it mainly affects the efficiency of BPS's operations and is therefore addressed under the efficiency objective below, it also has bearing on the effectiveness with which the data warehouse and human resources development are being introduced and are producing results. With the interruption in the improvement of ICT and information management systems, the effects on effectiveness, while not discussed in the ICR, are likely to be adverse

Improved human resource management and development

- A draft review of BPS capabilities, tools and regulations to accommodate new business processes were developed. The original project outcome target – “workforce aligned with BPS strategic direction; and a fully effective HR management system to support BPS HR policies in place” - was not achieved.

Outcomes

The project registered no improvements in the **accuracy** of key statistics, as measured by changes in statistical discrepancies between quarterly and annual production and expenditure estimates. Instead, discrepancies as measured by differences in regional and national GDP estimates increased rather than decreased, rising from 0.08 percent to 2.03 percent, and casting doubt on the impact of the project on data accuracy. The project team also applies user satisfaction as an indicator of accuracy. Here, and contrary to what one would expect from the data discrepancies, user satisfaction was 70 percent against a baseline of



60 percent and a target of 75 percent.

This may, of course, reflect the effects of improved **interpretability, relevance, timeliness** or **access** to data:

- **Interpretability**, or understanding of data, was to be improved by providing metadata to describe concepts, data sources, and statistical methods. This was advanced by the production of an online microdata catalogue containing metadata for 310 datasets. While there are no indications of the relevance of this new information, efforts under the project to select priority product lines as part of the data collection and processing component of the project indicate that those datasets are likely to be relevant to consumers of data outside the BPS.
- **Relevance** of statistical information was also to be enhanced by the availability of new information through new data series – notably an updated version of national accounts, quarterly labor force statistics, and a national producer price index. Here, national accounts and the producer price index were implemented. In addition, BPS adopted the 2008 System of National Accounts (SNA 2008), which is the latest version of the international statistical standard for the national accounts, and a shift from the SNA1993 in use at the start of the project.
- Improvements in **timeliness** in the provision of key statistics as measured by lags in the issuing preliminary and final data on key economic issues (trade, labor force estimates) were achieved for trade. BPS achieved the original target for import-export data (table 1 of ICR).
- **Access**, for instance through up-to-date websites and user satisfaction, was achieved.

Rating
Modest

Objective 2

Objective

To increase the efficiency of the Indonesian National Statistics Office (BPS) to produce and disseminate reliable and timely statistics in accordance with international standards and best practices and to be responsive to user needs.

Rationale

Rationale

Theory of change: Efficiency was to be increased by improving the ICT platform and the statistical information management system; and through better organizational alignment with the changing role of BPS in identifying user needs and producing and disseminating statistics. The former was to be done through business process reengineering, introducing new technologies and systems, and addressing new human resource requirements; and the latter through standardization and centralization of IT operations and resources.

Outputs



In moving towards an improved ICT platform and better organizational alignment, the IT strategy, enterprise architecture and the roadmap for implementation were developed, as was the business and functional requirements for the corporate statistical infrastructure developed. Likewise, the management level organizational alignment had been completed, albeit not yet endorsed by BPS management, when the IT procurement process was stopped (see Section 11), leading to project cancellation.

Outcomes

With the procurement of the statistical IT systems stopped and none of the other efficiency measures complete, the outcome for Objective 2 is negligible.

Rating
Negligible

Rationale

The first objective is rated **modest** with a range of significant shortcomings and the second is rated **negligible**. Thus, in this instance the overall Efficacy rating is **negligible**. The modest rating reflects the volatile outcomes as measured by the indicators used in the ICR, and the likely adverse effects on effectiveness of the cancelled ICT platform.

Overall Efficacy Rating
Negligible

Primary reason
Low achievement

5. Efficiency

Neither the PAD nor the ICR included an economic or financial analysis of the project. The ICR points out that only 13 percent of the original loan amount was disbursed, and that outcomes were modest. There were inefficiencies at project start-up and during implementation – the reform was ambitious, and despite stated government support for the reform, little was accomplished during the initial two-year period and, ultimately, the project had to be cancelled with few favorable outcomes. From both an economic standpoint and given administrative shortcomings, project efficiency is rated negligible.

Efficiency Rating
Negligible



a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal		0	0 <input type="checkbox"/> Not Applicable
ICR Estimate		0	0 <input type="checkbox"/> Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

The relevance of the PDO is rated **substantial**, as it directly supports Government policy in improving statistics and Bank strategy on improving governance. Efficacy is rated **negligible** overall, reflecting a weak **modest** rating for the first objective and **negligible** for the second objective, where no targets were met. Overall, Efficacy is rated **negligible**. Efficiency is rated **negligible**. This results in an overall outcome rating of **Highly Unsatisfactory**.

- a. **Outcome Rating**
Highly Unsatisfactory

7. Risk to Development Outcome

Risk to the development outcome would seem to be a function of the Government’s willingness to build on the deliverables that the project completed, and the deliverables that were launched but not completed. This is likely – the original project design was too ambitious, and a better paced approach may well lead to the unfinished initiatives being completed within a reasonable time period. It is worth noting that BPS has received state funding until 2020 to continue the transformation program, including the information systems development. Collaboration with the Australian Bureau of Statistics through peer-to-peer learning and technical advisory support, especially on statistical quality focused on national accounts, is programmed to continue and should usefully contribute to quality enhancement targets.

8. Assessment of Bank Performance

a. Quality-at-Entry

The project supported and was aligned with the Government’s plan for statistics reform, CERDAS. While design took into consideration international practice, it was also the result of close collaboration with BPS



management and staff. Other development partners and stakeholders were consulted. Still, the original design of STATCAP-CERDAS would prove to be too ambitious in both scope and timeframe. Trying to implement major elements of comprehensive reform over a relatively short period of time was to prove difficult, leading to a slow start-up, difficult implementation, restructuring, and ultimately the cancellation of the project. In particular, the introduction of an ambitious, complicated, and highly technical ICT component that ultimately failed, underlines the misjudgements that were made. All this might have been anticipated, as BPS's capacity and governance structure were already during project preparation recognized as being project risks, and the track record for Bank projects implementing enterprise-wide information systems as being 7.9 years, while STATCAP-CERDAS was designed as a five-year project (ICR, page 21).

Quality-at-Entry Rating

Unsatisfactory

b. Quality of supervision

The project had five task team leaders (TTLs) during the six-year project period. While TTLs were country-based, and supervision, complemented with subject matter experts, was intense, it seems plausible that some of the challenges – slow start-up, slow re-launching after restructuring, procurement – may have been affected by the turn-over in TTLs. The ICR (page 32) notes that the team was pro-active in addressing implementation issues, including those related to procurement and financial management. Several missions to support IT procurement were organized, but ultimately were unsuccessful - either they were insufficient, or the project overdesigned, or a combination of both. That said, implementation was also adversely affected by factors that were out of the hands of the Bank team and more subject to Government and Implementing Agency control: turnover among key counterparts, a number of leadership changes in BPS, and restructurings of the Project Management Unit; and slow re-launching of the project after restructuring.

Quality of Supervision Rating

Moderately Unsatisfactory

Overall Bank Performance Rating

Unsatisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

The results framework poorly reflected the theory of change and how key activities were to lead to outputs and outcomes. It was unclear how activities and outputs related to improvements in “effectiveness” and “efficiency” of the PDO. Project output indicators were observable and measurable, but the use of the internationally agreed quality assurance framework did not logically interface with the change process in the theory of change.



b. M&E Implementation

The PMU in BPS was responsible for collecting, processing and analyzing data, and measuring results against the indicators in the results framework. However, with measurement methodologies being adjusted, mechanisms for verification were lacking and comparisons to baselines uncertain, according to the ICR (page 30).

c. M&E Utilization

The ICR offers scant information about M&E utilization beyond noting that “mid-course adjustments were introduced based ... on day-to-day interactions”. However, with apparently frequent adjustments in measurement methodologies, there should be concern about the validity of the conclusions drawn on the basis of such measurements.

M&E Quality Rating

Modest

10. Other Issues

a. Safeguards

The project was rated environmental category “C” with no social or environmental safeguards triggered.

b. Fiduciary Compliance

Financial management. The ICR does not discuss financial management arrangements. The PAD indicates that a financial management assessment had been conducted and actions to strengthen BPS’s financial management capacity were defined. Supervision reports indicate that financial management performance varied between moderately satisfactory and moderately unsatisfactory. Audit reports were timely and unqualified.

Procurement. The ICR does not discuss procurement beyond the IT procurement issue described below. Procurement of an integrated statistical information package was initiated by BPS in February 2016 with a request for expression of interest (REOI). With only two firms qualified for short-listing, the REOI was reissued in June 2016, but again most of the firms were unqualified. The Bank encouraged BPS to revise the short list to include six qualified international IT firms. After no objection from the Bank, BPS proceeded with the RFP in August 2016, and proposals from three firms were received in October 2016. BPS completed the technical evaluation, but the technical evaluation report was never sent to the Bank, pending BPS management approval. The head of BPS asked the Government’s internal audit agency, BPKP, to review the selection process. BPKP provided its observations, noting (i) that the procurement committee had not obtained prior



administrative approval of the cost estimate from the competent authority in government before initiating the selection process, and the shortlisting was not in compliance with the World Bank’s Consultative Guidelines; and (ii) a number of technical observations on the adequacy of the process. While the Bank clarified the issues raised, BPS proposed to cancel the selection process and launch a new one.

The Bank did not agree, and after two months of inaction, it suspended the project in December 2016, and in the absence of any progress, formally closed the project on May 31, 2017.

c. Unintended impacts (Positive or Negative)

d. Other

11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Unsatisfactory	Highly Unsatisfactory	IEG rates efficacy for the first objective as "modest" with significant shortcomings, and the efficacy for the second objective and efficiency as "negligible"
Bank Performance	Moderately Satisfactory	Unsatisfactory	IEG finds quality at entry as "unsatisfactory" with considerable and significant shortcomings
Quality of M&E	Modest	Modest	---
Quality of ICR		Modest	---

12. Lessons

The following priority lessons have been identified and reworded by IEG based on those provided in the ICR:

Sequencing long-term reform. Recognizing that public sector reform projects are long-term processes, a phased approach might deliver visible incremental results throughout project implementation to sustain reform momentum. A series of short-term goals or quick-wins could be included in project design, rather than relying on an approach that produces visible results only toward the end of a long reform process. In STATCAP-CERDAS, changes in government and agency leadership hampered outcomes and focus on reform.

Planning for complex ICT procurement. Prerequisite preparation requirements and enabling conditions need to be in place before starting the procurement process. ICT transformation is often a key component of public sector reform projects, but the procurement of complex ICT requires both specialized knowledge and



competency in procurement. The World Bank team should give greater attention to ensuring technical and institutional readiness by the project implementing agency. In addition, exploring the possibility of drawing the required technical and procurement expertise from specialized departments that understand the national peculiarities of procurement would have been helpful in this instance.

Targeting niche markets. Capacity-building projects for specialized agencies, such as NSOs, face common challenges such as weak responses to REOs and weak consultants, caused by insufficiently developed markets for specialized technical skills. Implementing agencies should conduct active scans of relevant markets to identify the best consultants, individuals, and firms and proactively inform them of business opportunities under the project. World Bank supervision teams can help by providing information on consultants successfully used in other similar World Bank projects.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR provides an adequate basis for assessing the program. It did a reasonable job in trying to build a logical chain of how project inputs were supposed to achieve changes in outcomes through activities and outputs. However, there were also shortcomings: it offered little guidance for evaluating M&E; there was no discussion of financial management or procurement (other than the IT procurement); and a clearer discussion of the downsizing of the project (its scope) would have been helpful. The analysis is there, but it could have been more focused and explained the range of ways the project failed at each of the various roadblocks such that it did not make progress against its PDO.

a. Quality of ICR Rating

Modest