



REPUBLIK INDONESIA  
KEMENTERIAN PERENCANAAN PEMBANGUNAN NASIONAL/  
BADAN PERENCANAAN PEMBANGUNAN NASIONAL

No. : 2570/D. III/05/2008

Jakarta, May 7, 2008

Att : 1 (one) page

To :

[Please see the list attached]

**Re : Minutes of PSF Joint Management Committee Meeting**

As agreed in the meeting, herewith we send you minutes of the first PSF Joint Management Committee meeting, which was held on April 29, 2008. Along with this letter, we also send you the latest digests of PSF programs after including the recommendations came up at the meeting and the Cooperation Agreement of PNPM Support Facility, which is the base of our cooperation in the PSF.

We thank you for your kind attention.

Sincerely,

Deputy of Bappenas for Poverty, Manpower and SME,

Chairman of PSF Joint Management Committee



Prasetijono Widjojo

Attachment

List of invitees of PSF's Steering Committee Meeting

1. Deputy Minister of Social Welfare for Coordination of Poverty Reduction
2. Director General of Treasury, Ministry of Finance
3. Director General of Budget, Ministry of Finance
4. Director General of State Debt Management, Ministry of Finance
5. Deputy Minister for Development Financing, Bappenas
6. Country Director of World Bank for Indonesia
7. Mr. Robin Taylor, Representative of Ausaid for PSF
8. Mr. Ulrich Sorenson, Representative of Danida for PSF
9. Mr. Gerarld Howe, Representative of DFID for PSF
10. Mr Hagar Ligtvoet, Representative of Netherland for PSF
11. Mr. Scott Guggenheim, the World Bank
12. Ms. Susan Wong, the World Bank

**Minutes of Meeting**  
**1<sup>st</sup> Joint Management Committee Meeting**  
**Of the PNPM Support Facility (PSF)**  
**April 29, 2008**

The first joint Management Committee Meeting was held on April 29, 2008. Participants in the meeting were the members of PSF Steering Committee and/or their representatives and observers. They are listed in the Attachment 1. The meeting's agenda were: (i) to update the Management Committee on PNPM harmonization; (ii) to approve the PSF Operational Manual and the initial PSF portfolio; and (iii) to agree on the next steps that should be taken for immediate implementation. These minutes summarize the issues raised by participants and the decisions reached.

**1. Update on the PNPM Mandiri.**

- a. PNPM harmonization is still in progress. The government has committed to cover 3.999 subdistricts in 2008 and will cover all subdistricts in 2009. A General Guideline was published. Operational guidelines on complaint handling mechanism, MIS, Monitoring and Evaluation, as well as Communication Strategy are under finalization and will soon be published. The MIS of PNPM will be built under Bappenas' Data and Information Center to link with other programs and increase coordination with the local level.
- b. The expected roles of the PSF include: a) support the harmonization process of the PNPM Mandiri; b) filling the gap on funding as well as technical and management capacity; and c) cooperation in policy dialogue. The management structure of the PSF was established. The Steering Committee/Joint Management Committee was established through a Decree issued by Coordinating Minister for Social Welfare No.10/KEP/MENKO KESRA/III/2008 dated March 19, 2008. It consists of GOI non-executing agencies and donors contributing more than USD 1 million.
- c. The decree of the PSF Steering Committee for formalizing the Technical Committee and Technical Secretariat is in its final stages. The Technical Committee will be chaired by the Director for Poverty Reduction Bappenas and The Technical Secretariat is chaired by Mr. Scott Guggenheim, as the WB representative. The Advisory Panel will be established during the initial stage of the PSF Support Facility.
- d. The Joint Management Team is formulating the PSF Operational Manuals, which lay out procedures and activities procedures and working mechanisms for the PSF.
- e. Along with this, the PSF Portfolio was also formulated. This PSF Portfolio describes the overall PSF agenda and describes its relationship with PNPM implementation and support. These two documents are approved by the State Minister for Development Planning and will be sent to the coordinating Minister for People's Welfare to be launched when several concrete activities are ready for implementations. Donors endorsed the overall approach of preparing 1-page proposal summaries for discussion that can later be turned into more detailed action proposals.

**2. Discussions**

- a. Donor Commitments – Initial donor commitments to the trust fund were acknowledged by the Joint Management Committee and can now be activated. Donors proposed additional commitments as follows:

- Mr Robin Taylor (AusAid) confirmed Australia's support to PNPM. PNPM as the framework for community empowerment needs supports which are laid out in the PSF agenda. Australia in principle will contribute an additional AUS\$4.55 million, for a total of AUS\$6.55 million. Non-binding preferences for these funds are that they be used to (i) help poor coastal communities in KTI; (ii) an addition to developing environmentally sound infrastructure (green KDP); and (iii) support for the improvement of district level service delivery;
  - Ms. Hagar Ligtvoet (Netherland) appreciated the formulated PSF Manuals and used it as reference for other trust fund establishment. The living nature of the PSF portfolio also provides flexibility for future use. The Netherlands confirmed their support in principle to the Green KDP at the approximate amount of 15 million Euro to give an emphasis on renewable energy and a randomized evaluation. She would like to have more discussion on the M&E and MIS, which are very vital to manage the growing PNPM Mandiri portfolio.
  - Mr. Gerard Howe (DFID) explained that DFID is completing its country strategy and expects to make a ministerial submission in June, with the PSF having a high priority in their submission. He suggested that digest entries include a line assigning entries to a specific TF window.
  - Mr. Ulrich Sorensen (DANIDA) stated that Danida has committed to support the green KDP program for five years at the amount of USD17-18 million. The meeting confirmed the Green KDP proposal.
- b. Mr. Scott Guggenheim (WB) questioned the differences between PSF and PNPM Steering Committees and the relation between the Oversight Committee under TKPK and PSF Steering Committee.

Mr. Sujana Royat (Menko Kesra) responded by explaining that to have a more effective coordination, the Coordinating Team for Poverty Reduction (TKPK) has clustered poverty reductions programs into three clusters based on the beneficiaries and the methods undertaken. The *first* cluster is for social assistance, which targets the poorest/ poor households. Examples of this cluster are the Conditional Cash Transfer (CCT), rice subsidy (Raskin) and health insurance for the poor. The *second* cluster is the community empowerment programs, which are integrated into PNPM Mandiri. It is hoped that after the communities are empowered, they will be able to move to the third cluster, which includes micro-credit related programs. The TKPK is responsible for coordinating all of those programs to avoid overlap and to increase their effectiveness. Meanwhile the Steering Committee of the PSF will focus only on activities that support the harmonization of the PNPM program, to ensure the effectiveness of the PNPM Mandiri implementation.

- c. Mr. Gerald Howe (DFID) requested clarification on several activities mentioned in the PSF agenda but not described in the project digest attached in the PSF Portfolio: the difference between project digest no.6 and 7, and funded/not funded activities. He suggested that PSF to give more attention on gender, through studies on gender impact and special activities to increase gender balance.

Ms. Endah Murniningtyas (Bappenas) replied that the digests provided in the Portfolio are especially for the ones urgently needed in the year 2008. As a living document, the Portfolio will be completed and revised as necessary. With regard to the attachment no. 6, activities is to support the internal operation of the PSF Joint Management, while project digest no. 7 is to support their function to manage the

whole PSF portfolio. Mr. Prasetijono (Bappenas) added that these two should be separated, because the internal coordination will be self managed, while no. 7 relates the PSF with PNPM Oversight Body. This will be done.

- d. With regard to funded and not-yet funded activities, Mr. Guggenheim replied that a trust fund of PSF will be established in which all grants from donors will be pooled and blended into a single account. The collected money will then fund the activities of the PSF. The Team cannot provide consolidated information yet since the PSF has just started and contributions have only just started entering the system. A budget statement will be provided when initial activities are set and donor contributions have been registered. The Team will regularly provide and update the Steering Committee on this.
- e. Ms. Ligtoet asked to have meeting minutes distributed to all the members of the PSF Steering Committee. Mr. Sorenson suggested to send meeting invitations earlier.

Mr. Prasetijono confirmed that the meeting minutes will be distributed. He suggested to have a map of PSF more concrete. Hence he suggested that the next meeting is tentatively scheduled on May 13, 2008.

### **3. Summary and conclusions**

- a. The PSF Operation Manual is agreed as the base for activities to support the harmonization of the PNPM Mandiri. As noted in the manual, future meetings of the Joint Management Committee may update or revise the manual as required.
- b. The proposals within the PSF Portfolio were approved in principle. They will be developed into a more structured workplan that will be finalized by the Technical Committee within approximately two weeks time, and the technical secretariat will now open unique "child" accounts for each one. Some core functions such as launching all four SF windows and making the SF operations team functional can begin immediately. Participants also agreed that the Green KDP program is already fully elaborated and ready to proceed.
- c. On the next meeting, the PSF Joint Management Committee will discuss the PSF activities and funding mappings and further directions on PSF agenda. The Technical Team and Secretariat will provide options to be discussed in the meeting.

**Attachment 1.**

**List of attendance to the First Joint Management Committee Meeting  
April 29, 2008**

1. Mr. Prasetijono Widjojo, Deputy Minister for Poverty, Manpower and SME, Bappenas
2. Mr. Sujana Royat, Deputy Minister of Coordinating Ministry on Social Welfare for Coordination of Poverty Reduction Affairs
3. Ms. Endah Murniningtyas, Director of Poverty Reduction, Bappenas
4. Mr. Robin Taylor, Representative of Ausaid for PSF
5. Mr. Ulrich Sorensen, Representative of Danida for PSF
6. Mr. Gerard Howe, Representative of DFID for PSF
7. Ms. Hagar Ligtvoet, Representative of the Netherland for PSF
8. Mr. Scott Guggenheim, the World Bank
9. Mr. Tono Supranoto, Assistant Deputy of Coordinating Ministry on Social Welfare
10. Mr. Zandy A Rassat, Directorate General of Debt Management, Ministry of Finance
11. Ms. Vivi Yulaswati, Directorate for Poverty Reduction, Bappenas,
12. Representatives of the Directorate General of Treasury, Ministry of Finance.
13. Ms. Susan Wong, the World Bank
14. Ms. Threesia Siregar, the World Bank