

## **Joint Management Committee Meeting Bappenas, June 22, 2010**

Chairman: Bapak Prasetyono Widjono, Deputy Minister for National Development Planning.

Co-chair: Jan Weetjens, Head PNPM Support Facility

Participants: *Attachment 1*

Agenda:

1. Update on the GoI Work Priorities for 2011
2. Update on PSF Activities
3. Discussion of Proposals.

### **I. Update on the GoI Work Priorities for 2011**

Pak Prasetyono provided an overview of the strategic focus of the Government's Poverty Strategy moving forward based on the RPJM 2010-2014 which was just finished by the GOI. The main theme of the 2011 priorities will be: "Accelerating equitable development supported by improved governance and synergies between central and local government".

Key points from the discussion:

- a. The JMC members appreciate the GOI for providing an update of the current Development Plan.
- b. It would be helpful to understand how the GoI's priorities are translated into the budget allocation. Bappenas will share the RPJM with the JMC members.
- c. A good understanding of the factors that have contributed to the reduction in poverty numbers to date would help inform the poverty strategy moving forward, including the role of PNPM in the overall strategy.
- d. With the increased budget availability at the Local Government level, articulating the appropriate synergies between Central and Local Government, and strengthening the capacity at the Local Government level becomes increasingly important.
- e. The Minister of Bappenas has emphasized the need to clarify the inter-linkages and synergies between poverty reduction, employment creation, and reduction of inequality as part of the broader effort to further develop the GoI's poverty strategy.

### **II. Update on PSF Activities**

Jan provided an update on the status of (a) the Revolving Fund pilot; (b) Window 3; (c) Generasi; (d) Green PNPM; (e) MIS; (f) Fiduciary aspects; (g) Operations Manual; (h) JMC membership and contributions; (i) Future World Bank support to PNPM; and (j) housekeeping issues related to the PSF Trust Fund management.

Key points from the discussion:

- a. For Window 3, it would be helpful to take stock of the UNDP experiences with working through CSOs.

- b. Bu Endah is in contact with her the Deputy Minister for Human Resources and Culture in Bappenas to further foster the complementarity between the PNPM and the health and education services, with regard to the wider implementation of PNPM Generasi.
- c. The Minister of National Development Planning will chair the Financing Team (Tim Pembiayaan) of the TimNas. The Deputy for Poverty Reduction will chair the Technical Team. The practical arrangements to support the various parts of the TimNas, and how this affects PSF still remain to be clarified.
- d. Moving forward, it will be critical to ensure that PSF does not just support the Cluster 2 activities, but that it does so in a way that builds capacity in national institutions.
- e. Some minor improvements to the Operations Manual are still needed.

Decisions made:

- a. The proposal to strengthen the MIS in Bappenas, is incurring delays because the World Bank's fiduciary processes do not allow it to procure goods on behalf of the Government. To avoid this type of delays in the future, more careful attention needs to be given to determine the executing agency for a proposal
- b. The EU will communicate its observations on the Operations Manual. PSF will incorporate these and circulate the Manual for approval on a non-objection basis.
- c. In the future, background materials should be circulated five business days prior to the JMC meeting. In case these materials would not be ready in time, the meeting should be postponed.
- d. PSF can start the preparatory work to extend the Trust Fund until 2014. However, when doing so, PSF will also develop a proposal on how to strengthen the capacity building efforts by working with and through national institutions.
- e. The proposals for adjustment in the PSF Child Trust Funds are approved, in particular:
  - i. The creation of a Child TF for "Policy Workshops", and the allocation of \$US 500,000 to this TF;
  - ii. The amendment of the Grant Agreement between the World Bank and the GoI to increase the block grants for Green PNPM by \$US 18,048,930;
  - iii. The extension of the closing date of the Supervision and Monitoring Child Trust Fund to December 31, 2010, and the increase of the amount in the Child TF by \$US2,000,000;
  - iv. The extension of the closing date of the Generasi Child Trust Fund to December 31, 2010, and the increase of the amount in the Child TF by \$US1,500,000;
  - v. The extension of the closing date of the Communication Strategy Child Trust Fund to December 31, 2010, and the increase of the amount in the Child TF by \$US500,000;
  - vi. The extension of the closing date of the M&E and Special Studies Child Trust Fund to December 31, 2010, and the increase of the amount in the Child TF by \$US1,000,000.

### **III. Discussion of Proposals**

#### ***1. Local Government Capacity Building***

Bu Endah made a presentation of the P3BM project, and the practical tools it makes available to Local Governments to ensure that planning and budgeting is informed by key information on MDGs and poverty mapping. She also presented the proposal to train a cohort of Trainers in Bappenas on the P3BM methodology, and to take stock of the existing pilots that are testing mechanisms to make Local Governments more pro-poor.

Key points from the discussion:

- a. Improving the effectiveness of poverty alleviation efforts necessarily involves improving the capacity of Local Government, and strengthening the mechanisms to make Local Government more pro-poor.
- b. The stock-taking of the existing pilots in the area of Local Government will provide key information to determine what measures for decision making can be submitted immediately to the authorities, and what training and capacity building should be made available to Local Government officials.
- c. The strengthening of Local Government and their planning and budgeting processes would greatly benefit from active involvement of CSOs. In this sense, a strong link between the activities under this proposal and Window 3 would be desirable.
- d. The high level of complexity of the decentralization process and the fact that it alters the relations between numerous stakeholders makes that it is very much a “learning by doing” process with trial and error. In that sense, it is critical to identify practical incremental steps that can make Local Governments more efficient and pro-poor, and to consolidate those incremental steps.
- e. The P3BM pilot is the result of a multi-year effort by Bappenas with the support of the ADB and co-financed by DFID, and also UNDP, to develop tools to improve planning and budgeting at the Local Government level. There is strong political will within Bappenas to bring these efforts to internalize the efforts into Bappenas current activities and scale. While the P3BM tools can probably be improved further, it would be important to ensure that the tools that are currently developed can be made available to all Local Governments. Internalization into Bappenas activities will ensure sustainability within the GOI.

Decisions made:

- a. The JMC endorses the Local Government Capacity Building proposal;
- b. A strategic paper should be produced at the end of phase one that will summarize the key findings from the stock taking exercise.

## **2. *Training Bawasda Urban***

Jan presented a proposal from the Urban team to train Bawasda auditors to ensure that 20% of kelurahan would be covered in next year’s audit.

Decision made: The JMC endorses the Bawasda Training proposal under the condition that Public Works demonstrates that this training will be financed through the DIPA for subsequent years.

## **3. *Urban poverty analysis***

Jan presented a proposal from the Urban team to (a) better understand the dimensions of urban poverty and (b) assess the impact of the Urban PNPM.

Key points from the discussion:

- a. The proposal relies heavily on World Bank staff. It is desirable that, also for Bank-executed activities, proposals clearly spell out what efforts will be made to ensure that the best qualified and most cost-effective resources are identified to carry out these activities.
- b. This activity should not just be an academic exercise, but should have a strong component of discussion and knowledge sharing with various stakeholders through a series of workshops.

Decisions made:

- a. The JMC endorses the Urban poverty analysis proposal;
- b. An international expert be identified who can provide quality assurance for the work done by the World Bank team;
- c. The team will have to demonstrate that all efforts are made to ensure the study can be implemented as much as possible through national institutions; and
- d. A strong component of workshops and discussion fora should be an integral part of the study.

#### **4. *Financial Crisis proposal***

Jan provided an overview of the proposal, in particular the legal arrangement that would allow USAID to contribute to the PNPM, without however joining the Multi-donor Trust Fund.

Key points from the discussion:

- a. There was general appreciation for the US Government's desire to contribute to Indonesia's community-based poverty alleviation efforts.
- b. The PSF architecture whereby development partners pool their resources in support of the Gol's poverty alleviation strategy is a critical asset that should be preserved.
- c. The proposed architecture would give JMC full decision rights over the use of the USAID resources. Nevertheless, USAID has submitted a detailed proposal of how the resources should be used.

Decisions made:

- a. The JMC supports whatever decision the Government will make with regard to this proposal.
- b. PSF should clarify with USAID: (a) that the same operational manual will be used to govern the use of the USAID resources; (b) some inconsistencies between the reporting requirements spelled out in the proposal and in the Operations Manual; and (c) what is meant by the language regarding the identification of indicators.

#### **5. *Size and duration of block grants***

This proposal was not ready for review. It will be submitted to the JMC on a non-objection basis as soon as possible.