

**PNPM Support Facility (PSF)  
Joint Management Committee (JMC) Meeting  
September 28, 2012**

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**Chairman:** Bapak Rudy S. Prawiradinata, Director for Poverty Reduction, Bappenas - on behalf of Bapak Ceppie K. Sumadilaga, Deputy for Poverty, Manpower and SME, Bappenas

**Participants:** *See attachment 1.*

**Agenda:**

- (A) PNPM Roadmap and PSF Strategy
- (B) PSF Progress Review and PSF Sustainability
- (C) Discussion of New Proposals

**Summary of Decisions Made**

- a) The JMC welcomed the draft PNPM Roadmap. JMC members will be consulted to provide further inputs and comments.
- b) The JMC endorsed the proposed PSF Strategy. The JMC gave guidance to PSF to focus on the core PNPM programs (Rural and Urban) and to be inclusive and proactive in engaging with stakeholders in Government and Civil Society. The JMC looks forward to a discussion of how the strategy translates into an operational and analytical work program.
- c) The JMC will establish a small working group to follow-up on recommendations from the PSF Review.
- d) The PSF Secretariat will initiate the processing of the extension of the legal agreements for the PSF multi-donor fund to June 2015 in order to implement the JMC's decision made on July 25, 2011 to extend the facility until that date.
- e) The PSF Secretariat will make sure to compare actuals with pre-determined targets for all projects in future progress reports and financial statements to more clearly show whether implementation and disbursements are on track.
- f) The JMC approved four proposals:
  - (i). An allocation of \$1,800,000 to a new project '*Supporting Disabled People Organizations to Promote Inclusion within Indonesian Poverty Reduction Programs*' which will be executed by a NGO, with technical and operational support from the PSF Secretariat.
  - (ii). An allocation of \$33,111,797 to the existing '*PNPM Generasi Scale up*' project, which will be executed by PMD with support from a NGO and PSF.

- (iii). An allocation of \$3,964,400 to a new project *'Increasing Accountability Capacity in PNPB – PNPB Justice Services'* which will be executed by a NGO with technical and operational support from PSF. The JMC expects the team to come back with a proposal to ensure PNPB Urban is also covered by this effort.
- (iv). An allocation of \$1,645,000 to a new project *'Village Training Program'*, which will be executed by the Directorate of Community Institutions and Training (DG Community and Village Empowerment, Ministry of Home Affairs), with technical and operational support from PSF.

**A. PNPB Roadmap and PSF Strategy**

1. Pak Sujana (Menko Kesra) presented the draft PNPB Roadmap [*see attached power point*] which has now been published for public consultation. The Roadmap sets-out an ambitious agenda for reforms to accelerate poverty reduction and social welfare through a sustainable community development program. Priority actions are organized around five pillars: (i) the integration of the various community empowerment programs; (ii) the institutionalization of the roles of facilitators; (iii) strengthening of community institutions; (iv) the adoption of core PNPB in functioning of local governments; and (v) good governance and downward accountability. Pak Sujana concluded his presentation by emphasizing the importance of mobilizing all PNPB stakeholders (local governments, civil society, academia and development partners) for the implementation of the Roadmap. Implementation will be coordinated by Pokja Kebijakan Pemberdayaan Masyarakat (TNP2K) and the Secretariat of Pokja Pengendali PNPB (Coordinating Ministry of People's Welfare). All 20 actions should be completed before the end of 2014.
2. Donor members expressed strong support for the Roadmap and emphasized that it should guide and frame PSF engagements moving forward. Feedback on specific aspects of the Roadmap was provided after the presentation of the PSF Strategy (*see below*), which is meant to support Roadmap implementation.
3. After acknowledging the contributions of government and donor partners to the formulation process, Jan Weetjens (PSF) presented the draft PSF Strategy [*see attached power point and Strategy Note*]. Engagements are organized around four pillars/strategic priorities: (a) continued poverty impact; (b) improved accountability; (c) social justice and inclusion; and (d) a supportive enabling environment. Three specific questions for guidance were put forward:
  - 3.1 To what extent should PSF provide support to all Cluster 2 programs?
  - 3.2 PSF's approach to capacity and institution building; and
  - 3.3 PSF's timeline.
4. *As regards the breadth of PSF programming:*

- 4.1 Pak Petrarca (AusAID) emphasized the comprehensiveness of the Roadmap and his concern that - shall the PSF be expected to support all 20 actions - the quality of work might suffer. He recommended that PSF should focus on a more limited set of priority issues (e.g., strengthening of facilitation, evidence generation to support the policy dialogue and advocate the continuation of PNPM, TA to strengthen the regulatory framework).
  - 4.2 Andreas Roettger (EU) also emphasized the comprehensiveness of the Roadmap. He recommended that the PSF should focus on addressing structural issues (e.g., streamlining governance arrangements/regulations etc.) and strengthening core areas which have made PNPM's success (e.g., facilitation).
  - 4.3 Pak Sujana (Menko Kesra) recognized that delivering all the 20 actions would be an ambitious undertaking, but highlighted the urgency of building partnerships with civil society and other stakeholders to further strengthen the support to PNPM, prevent political interference and thus ensure the sustainability of PNPM's community empowerment impact.
  - 4.4 Michael Nehrass (USAID) was particularly pleased with the Strategy's emphasis on livelihoods and incentivizing service delivery performance. He recommended looking at how the PSF further widen its approach to poverty reduction, particularly through engaging the private sector and supporting small business development.
  - 4.5 Pak Rudy (Bappenas) emphasized the importance of strengthening linkages between Cluster 2 and Clusters 3 and 4.
  - 4.6 Pak Sujana (Kesra) recommended putting emphasis on the PNPM Rural and PNPM Urban programs, which form the backbone of PNPM.
5. As regards *PSF's timeline*:
- 5.1 Michael Nehrass (USAID) expressed concerns vis-à-vis PSF's current timeline, and the risk that the multi donor trust fund not be extended.
  - 5.2 Trine Bragsteen (Danish Embassy) asked what would be the strategy should PSF's closing date not be extended, and whether an action plan to support the Government in carrying on the work had been developed.
  - 5.3 Pak Sujana (Kesra) confirmed that PSF's closing date would be discussed within government soon, at the vice-minister level.
  - 5.4 PSF's timeline was further discussed following the presentations of the PSF Review and PSF Sustainability Strategy (*see below*).
6. Likewise, *PSF's approach to capacity and institution building* was discussed after these presentations.

7. Jan Weetjens (PSF Technical Secretariat) concluded the discussion by noting the JMC members' broad support for the proposed engagement strategy, recognizing the need for selectivity when translating the strategy into an operational and analytical work program, and acknowledging the JMC guidance that PSF should also focus on PNPM Urban.

**B. PSF Progress Review and PSF Sustainability**

8. Julie Hind (independent consultant) presented a summary of the PSF Progress Review [*see power point attached*]. The purpose of the review was to assess PSF's performance against its stated objectives and determine if PSF in its current form is an appropriate mechanism to support PNPM in the future. Key findings included: (a) the coordination across PNPM-related grants and amongst development partners is progressing well; (b) PSF effectively supports the PNPM scale up and helps improve systems - which provides good basis for greater integration with GoI - but that its approach and GoI's attitude impact on GoI ownership; (c) important involvement with CSOs is providing opportunities for developing partnerships, but that there is a need for more planned and dedicated support to build relationships between CSOs and GoI; (d) high quality analytical work is helping build evidence-based approaches, which could be enhanced through improvements in M&E; (e) that processes are in place to ensure alignment with GoI priorities but that there is need for strategic direction; (f) World Bank brings additionality that might be enhanced through some changes in processes; (g) PSF's governance and management model is appropriate and could be strengthened through some tweaking. Overall, the reviewers concluded that PSF is offering good value, which could be further strengthened, and recommended to continue the PSF with a shift in emphasis and greater integration.
9. Review findings and recommendations were discussed following the presentation of a strategy for PSF sustainability (*see below*), which addresses some of the key questions and concerns.
10. Jan Weetjens (PSF) presented a proposal for PSF sustainability [*see power point attached*], with a set of actions to (a) strengthen GOI as the chair of the JMC; (b) include the executing agencies in the JMC to foster greater ownership; (c) use specialized (audit) firms to carry out some of the implementation support functions; (d) move PSF teams closer to counterparts; (e) invite staff from partner organizations (think tanks, CSOs, others...) to come on secondment to PSF; and (f) reach out to bright, young Indonesians studying here or abroad to encourage interest in the social development agenda in Indonesia. He also discussed some of the challenges to foster the emergence of a National Trustee for PSF, indicating that addressing these challenges goes well beyond PSF's mandate or comparative advantage.
11. Pak Rudy (Bappenas) informed the JMC that a small working group will be set up to follow-up on recommendations from the Review and PSF sustainability strategy.
12. Pak Sujana (Kesra) highlighted the importance of agreeing on principles: the need for further improvements in PSF and government leadership. He confirmed that specific action plans can be developed by the working group. Pak Sujana also mentioned the importance of

planning for contingencies, particularly a political decision to discontinue the program. He recommended that the PSF trust fund mechanism be maintained and further improved.

13. Pak Petrarca (Ausaid) emphasized that PSF was established first and foremost to ensure the effective oversight of PNPM recognizing the huge investment as well as the risk on GoI if the program is unable to prevent leakage. As it has progressed, PSF has become a strong platform to support community empowerment and the PNPM Roadmap but the reviewers need to bear in mind the initial purpose of PSF and the basis for the joint commitment to establish this facility, and that capacity building in institutions implementing PNPM is not necessarily the main responsibility of PSF. He also stated the importance for Ausaid to have clarity on the end date of PSF.
14. Jan Weetjens (PSF) emphasized that the JMC had already authorized the extension of the PSF to June 2015 during its July 25, 2011 meeting, and that what was urgently needed was to amend the legal agreements to allow individual projects to be extended.
15. Pak Rudy (Bappenas) confirmed that the MoU between the Government and the World Bank for the PSF is until June 2015.
16. Michael Nehrbass (USAID) asked that the letter formally requesting the extension of donor agreements be circulated as soon as possible.
17. *Following-up on one of the Review's recommendations.* Kevin Tomlinson (PSF) asked JMC members to clarify their expectations as regards the PSF's financial and progress reporting. Donor members asked that moving forward the progress reports and financial statements include a comparison between targets and actuals to show whether project implementation and disbursements are on track.

### **C. Discussion of New Proposals**

18. Four proposals, which had been reviewed by the Technical Committee during its July 19, 2012 meeting, were presented to the JMC for approval.

#### ***DPO window (new project)***

19. Ekawati Liu (PSF Secretariat) presented a proposal for a first allocation to a new project: *'Supporting Disabled People Organizations (DPOs) to Promote Inclusion within Indonesian Poverty Reduction Programs'* [see attached power point and proposal]. The objective is to improve the capacity of people with disabilities to become active partners in poverty reduction programs through increasing national DPOs capacity in influencing the policy dialogue on disability inclusion. A qualified Executing Organization (NGO) will on-grant to DPOs for capacity building activities and will support DPO projects developed through consultations and supervision; DPOs will implement activities for persons with disabilities; PSF will administer contracts and supervise subprojects; carry out training and other forms of capacity building to DPOs; and carry out analytic and advisory activities in support of

poverty programs. The total allocation is \$1,800,000: \$1,250,000 will be executed by the selected Executing Organization and \$550,000 by PSF.

20. Pak Sujana (Kesra) confirmed the Government strongly supports this proposal. He emphasized the importance of finding sustainable sources of financing to support people with disabilities and their organizations. He asked that this project be placed under the coordination of the Pokja Pengendali, which may offer more flexibility than technical agencies.
21. Michael Nehrbass (USAID) advised further work on the project Results Framework, which at present is too focused on inputs/outputs. He also recommended that fundraising not only target donor and government agencies but also the private sector.
22. The JMC approved this proposal.

#### *PNPM Generasi Scale up project (3<sup>rd</sup> installment)*

23. Robert Wrobel (PSF Secretariat) presented a proposal for a third allocation to the '*PNPM Generasi Scale up*' project [see attached power point and proposal]. The objective is to continue supporting the expansion of Generasi to new sub-districts. The total allocation is \$33,111,797: \$30,800,000 for a government executed component to increase coverage to 500 poor kecamatans;<sup>1</sup> \$900,000 for a NGO executed component to provide intensive training and capacity building support to village and *kecamatan* facilitators; \$1,411,797 for PSF executed implementation support and technical assistance to government.
24. Pak Rudy (Bappenas) confirmed the government's strong support for PNPM Generasi's expansion. Pak Sujana (Kesra) shared some concerns, however, about the quality of high level project management and disbursement levels. He recommended that given the project's strategic importance a special team be established to supervise this project.
25. The JMC approved this proposal.

#### *PNPM Justice Services (new project)*

26. Karrie McLaughlin (PSF Secretariat) presented a proposal on '*Increasing Accountability Capacity in PNPM – PNPM Justice Services*'. The objective is to respond to community justice needs during PNPM corruption cases and to increase the level of oversight, tracking and management of corruption cases involving PNPM funds. The total allocation requested is \$3,964,400 for 24 months.<sup>2</sup> \$2,642,571 will be executed by a NGO which will deploy lawyers, provide a fighting fund to communities and support knowledge exchange; \$1,321,828 will be executed by PSF which will provide operational support, develop guidance and document lessons learned.

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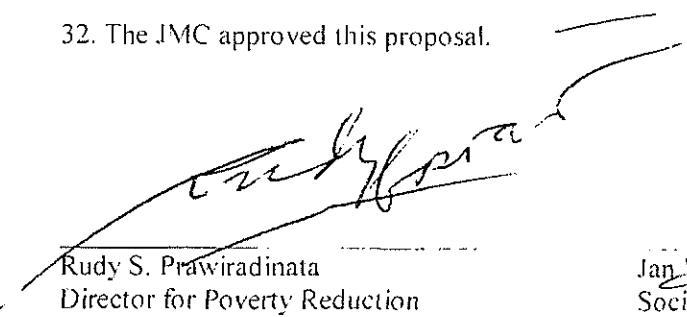
<sup>1</sup> This represents the fourth and final installment of the US\$105 million pledge from PSF to support PNPM Generasi scale-up over the period 2010-14.

<sup>2</sup> Another year to match duration of PNPM 2012-2014 would cost an estimated \$1.7million.

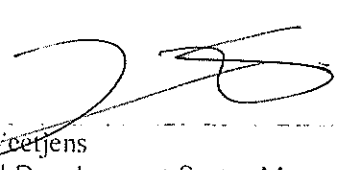
27. Pak Sujana (Kesra) asked why the project only covers PNPM Rural and not PNPM Urban. Sonja Litz (PSF) clarified that at this time the research has only been conducted in remote communities who have had difficulties accessing justice and that an agreement has been reached with PMD for a try-out with PNPM Rural. She agreed, however, that collaboration with PNPM Urban would be worth exploring. A first step would be to develop a specific piece of research for urban areas. Pak Petrarca (Ausaid) confirmed Ausaid's support for such an approach.
28. The JMC approved this proposal, but asked the task team to come back with a proposal to extend coverage to urban areas.

*Village Training (new project)*

29. Hans Antlov (PSF) presented a proposal for a new project 'Village Training'. The objective is to develop the capacity needed for empowered and inclusive village government and organizations that can manage their development resources and ensure good governance. The total allocation requested is \$1,645,000 for 24 months. Part of this grant (\$1,250,000) will be implemented by Directorate of Community Institutions and Training (DG Community and Village Empowerment, Ministry of Home Affairs) to manage the project, design the learning programs and try-outs, train master trainers and prepare national roll-out. The rest (\$395,000) will be executed by PSF to conduct assessments of existing programs, organize a comparative study tour and public consultations and provide supervisory and implementation support to Government.
30. Pak Sujana (Kesra) mentioned that the village law is currently being discussed in Parliament, and that the draft does not clearly define the role of local communities. He requested that the project provide inputs into its formulation. He also asked whether the project would collaborate with PMD.
31. Hans Antlov (PSF Secretariat) reaffirmed the project's commitment to supporting the formulation of the village law, and clarified that the new Joint Secretariat at PMD will facilitate inter and intra ministry coordination and ensure adequate Government supervision of the village training project.
32. The JMC approved this proposal.



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