

**PNPM Support Facility (PSF) Technical Committee Meeting
May 4, 2010 Meeting Minutes**

Venue: BAPPENAS, Meeting Room SS3

Co-Chairs: Endah Murniningtyas (Director, Directorate of Poverty Alleviation, Bappenas)
Jan Weetjens (Social Development Sector Coordinator, World Bank Indonesia)

Participants: Christine Van Hooft (AusAID), Lisa Hannigan (AusAID), Onno Koopmans (Netherlands Embassy), Susilo Ady K (Netherlands Embassy), Rifki Akbari (Bilateral Coordination, Bappenas), Riza Hamza (Bappenas), Vivi Yulaswati (Bappenas), Sidik Permana (Bappenas), Jeremy Foster (World Bank), Koh Pohayar (PNPM Perkotaan), Mita Dwila (Bappenas), Boty (Bappenas), Thoriq (Dirjen PMD), Friendly P.S. (Dirjen PMD), Magdalena (kemenkonkesra), Fatimah Sari Nst. (Set Pokja Pengandah), Endrianti Dewi (KMK), Rosianna (Multilateral Coordination, Bappenas), Andy A. Rassat (DJPM Komenica), Zulfriandi (Bappenas).

Summary of items discussed and decisions made.

1. **Introductions and Agenda.** After brief introductory remarks provided by PSF Technical Committee Co-Chairs, Endah Murniningtyas (Bappenas) and Jan Weetjens (World Bank) it was stated that a few of the project proposals on the initial agenda were not yet ready for TC discussion. These proposals included:
 - a. PNPM Facilitator Strengthening Program Phase III
 - b. The Relationship of Program Benefits and Size/Allocation of Program Funds
 - c. Indonesia Urban Poverty Analysis, Program Review and PNPM-Urban Evaluation
 - d. PNPM Generasi and ECED Collaboration Initiative

2. **Accelerating Poverty Reduction through Local Government Capacity Building and Consolidation of CDD (APR Project).** Recognition was given to the significant efforts that had been made over the past six months in developing the APR Project Proposal, emphasizing that strengthening the capacity and management systems of local government institutions was essential in supporting the sustainability of PNPM. However, TC members noted that the proposed activities and implementation arrangements – involving multiple GOI Executing Agencies including Bappenas – may not be the most effective approach in furthering the project’s intended objective. An additional concern was voiced regarding the strong focus of the proposal on ‘training’

and proposed source of financing. Capacity building, with tens of thousands of people who need to be trained, can absorb huge amounts of money. Using trust fund financing to support this training may not be the most appropriate or sustainable approach. The costs for such capacity building training should ideally be borne by GOI budgets (through the DIPA), similar to what has been proposed by the MoHA to be done for the Bawasda training.

The TC members did express general support and eagerness for the ‘stocktaking’ of the available experiences of any ongoing local government capacity building pilots; The information gathered through supervision of these pilots indicates that, while not every intervention has been successful, there are a number of positive lessons to make districts more pro-poor that can be brought to scale without need for further studies or piloting. There was a strong interest to capture these lessons and in a systematized fashion to inform policy making.

The proposed stocktaking exercise would have three outputs:

- a. **Development of 2-3 policy notes, to present various policy options to facilitate decision making.** Looking at the existing experience of ongoing pilots, the stocktaking should identify specific mechanisms or processes that have proven to be successful and that can be brought to scale. The notes should explain (i) what specific issues were addressed; (ii) what was done/who did what to support the activity; (iii) what lessons can be distilled from the different experiences; and (iv) what are the options for decisions makers for scaling up and replication?
- b. **Further analysis of those pilots which can easily and should be brought to scale.** While some features of the existing pilots can be submitted to policy makers in view of scaling up, others require more analysis or piloting. Executing agencies and the PSF know that some activities don’t work well in some areas, but the reasons why this is so are not yet clearly understood. To identify these issues, additional studies are needed to determine how best to improve existing activities. The output would be a more detailed analysis of these issues, and identified steps for improving, scaling-up existing projects.
- c. **Implications for capacity building.** Based on the above two outputs, identification should be made of specific capacity building interventions that should be made to ensure local government institutions are better positioned for uptake and replication of the good practices.

Decisions. It was decided that the proposal presented would not be forwarded as is to the JMC for evaluation. Rather, a brief concept note (3-4 pages) would be developed, indicating refined implementation arrangements – inclusive of reducing the proposed management/execution burden on behalf of Bappenas –activities, and indicative budget for Phase I of the APR Project. The concept note would state that Phase I will be divided into two primary components:

- a. Enhanced stock-taking/analysis of effective local government capacity building projects, to generate the aforementioned outputs
- b. Pilot activities in select locations based-on the aforementioned analytical work.

Ideally, the proposed concept note would be presented for review at the next scheduled JMC meeting.

3. **Global Financial Crisis Supplement (GFCS) for PNPM Mandiri Rural.** This proposal was developed as a collaborative effort between PMD and USAID and has an indicative budget of \$50.7 million. Approximately 95 percent of the budget is to be allocated for block grants to be disbursed as supplements to PNPM-Rural block grants to select kecamatan identified as the most adversely affected by the global financial crisis. Approval of this project will also involve the incorporation of USAID as a voting member of the PSF JMC. The project is heavily supported by the GOI, and JMC members expressed their endorsement in principle of USAID becoming involved on a multi-lateral basis to contribute to the PSF Trust Fund. However, in discussing the proposal, the issues of most concern to the TC member were: (i) difficulties in finalizing the legal agreements between USAID and the World Bank governing their contribution. This matter is of importance to the GOI, as the contribution is intended to be included in the 2010 DIPA and disbursed to the beneficiaries by April 2011. And (ii), further clarification is needed regarding the proposed ‘monitoring and evaluation’ activities to be supported through the project. JMC members want to ensure that funding for such M&E activities will not be exclusively focused on the target locations supported with the supplemental block grant funding, but will be used to strengthen M&E activities for PNPM at large.

Decisions. It was decided that (i) the World Bank legal office will work to expedite the process of finalizing the legal documents with USAID. And (ii) that the GFCS proposal will need to be revised to more clearly indicate in what manner the M&E activities will be strengthened. Although the TC members did state that it would be appropriate to enhance the monitoring activities so they tracked indicators USAID was particularly interested in (i.e. labor days generated), the intended contribution would be used to support data collection/verification throughout all PNPM locations – not just those areas

of interest to USAID. Likewise, any proposed evaluations or related AAA work to be funded through the contribution would be designed to track the implications of the financial crisis on PNPM communities on a national scale.

It is expected, once the aforementioned issues are addressed, that the GFCS project proposal will be ready for circulation at the next JMC meeting.

4. **Training Inspektorat Kabupaten / Kota (formally BAWASDA) for Audit of PNPM Mandiri Rural & Urban Financial Year 2010.** The objective of this proposed project was to reduce the incidence of fraud and corruption within PNPM-Rural and –Urban at the kecamatan and kota level through the support of training to the GOI’s Regional Oversight Body (Bawasda), increasing the 2010 audit sample size, and public media campaigns related to the increased auditing efforts. Prior to the TC meeting, information was received indicating that the PMD will withdraw this project proposal for the PSF JMC consideration for funding. Rather, the PMD will finance all proposed activities through its state budget allocations (APBN). The GOI and Development Partners applaud the PMD’s recognition of the importance of these interventions, and the PMD’s decision to fund the activities through the institution’s budget allocations.

Decisions. It was decided that in consideration of the alternative funding source, this proposal would not be circulated to the PSF JMC for review. Rather, at the next JMC meeting, an update will be provided regarding how the PMD is proceeding with these activities. The PSF will work with the PMD management to determine if there is any supplemental technical assistance that can be provided in regards to the development of training material and documenting the expanded audit procedures.

5. **Revision of PSF Operations Manual.** The current version of the PSF Operations Manual (OM) was developed shortly after the Cooperation Agreement between the GOI and Development Partners was signed regarding the establishment of the PSF Trust Fund. Although the OM in its current state did serve its initial purpose of outlining the management framework of the PSF, it was determined at the January 15, 2010 JMC meeting that an update to the OM would be appropriate to: (i) Ensure that the document clearly presented the actual roles, responsibilities, and practices of the PSF’s various management groups (i.e. Joint Management Committee, Technical Committee, Advisory Panel, and Technical Secretariat); and (ii) Ensure that the content of the OM was aligned with the PSF Trust Fund Administration Agreements between the Development Partners and the World Bank. A draft revised OM was circulated to the TC members for comment, which primarily presented proposed slight changes to the composition/responsibilities of the various management groups, and provided more detailed guidance regarding the project proposal development and evaluation procedures.

Decisions. The PSF Technical Secretariat will circulate to the JMC members a final draft of the revised PSF OM. Attached to the document will be a matrix clearly indicating to reviewers what changes are proposed to be made. After incorporating any final comments from the JMC members, a final document will be circulated virtually for JMC members' 'No Objection'.

Note: It is understood by all TC members present that the next version of PSF OM circulated will serve as an 'interim document' to provide an outline of agreed-upon management procedures within the PSF. However, the revised PSF OM will not be regarded as 'official' until any and all related amendments to the PSF Administration Agreements are made. The content of the PSF OM is subject to change, and may be updated in regards to the planned establishment of other World Bank-administered trust funds to support the GOI's poverty reduction efforts.

In endorsing these meeting minutes, the JMC members acknowledge that once approved the revised PSF OM manual will necessitate some formal (largely administrative) amendments to the active PSF Trust Fund Administrative Agreements. Although endorsement of the revised OM need not be immediately followed by these amendments, the changes will be included (upon consensus) when the Administration Agreements are next amended. The revised OM manual will not be regarded as officially adopted until the Administration Agreements are formally amended.

6. **PSF Annual Report.** The PSF Annual Report marking progress that was made across the PNPM portfolio during CY 2009 is undergoing its final review and layout. The final document will be circulated to JMC members on DATE
7. **Scheduling Next JMC Meeting.** It was proposed that the next JMC meeting would be held on June 23, 2010. This date will be confirmed by Bappenas, and the availability of the JMC members for this tentative date will be ascertained.