

SUPPLEMENTARY DOCUMENT 4: THE INDONESIAN PROGRAM NASIONAL PEMBERDAYAAN MASYARAKAT MANDIRI: LESSONS FOR PHILIPPINE COMMUNITY-DRIVEN DEVELOPMENT

A. Purpose of this Document

1. This report, whose preparation has been supported by the Asian Development Bank (ADB), examines the experience of the Indonesian Program Nasional Pemberdayaan Masyarakat or PNPM-Mandiri (National Program for Community Empowerment), currently the largest community-driven development (CDD) operation in the world.¹ ADB support is in response to the request of the Department of Social Welfare and Development (DSWD) and the Philippine government and its partners to identify useful lessons for its ongoing effort to scale-up the current *Kapit-Bisig Laban sa Kahirapan* (Linking Arms Against Poverty)–Comprehensive and Integrated Delivery of Social Services (KALAHI–CIDSS) project into the KALAHI–CIDSS National CDD Project (KC-NCDDP) for poverty reduction.

2. The Philippine Government request is consistent with ADB’s Strategy 2020, which focuses on inclusive growth and the importance of communities in enabling the poor to benefit and participate actively in the growth process. ADB is already providing technical assistance (TA)² to the Department of Social Welfare and Development (DSWD) and the Philippine Government to advance its social protection reform agenda. Among others, ADB technical assistance is meant to (i) bolster national and local institutional capacity to support the social protection reform agenda, and (ii) support formulation and implementation of an action plan for rationalization and convergence of social protection programs. The TA gives particular emphasis to the Government’s efforts to enhance alignment and linkages between and among poverty-related programs, in particular, KALAHI–CIDSS (and later, the proposed KC-NCDDP) and the *Pantawid Pamilya* Conditional Cash Transfer (CCT) Program. For this reason, experience-sharing with Indonesia—an East Asian neighbor with ongoing large-scale CDD and CCT programs—is particularly appropriate and has been identified as a high priority.

3. Introduced in the mid-1990s, CDD has proved to be effective in addressing poverty, improving governance, and promoting inclusion in more than 100 countries, including 25 in Asia and the Pacific. The World Bank’s 2003 *Poverty Reduction Strategy Paper Sourcebook* defines CDD as an approach that gives control over planning decisions and investment resources for local development projects to community groups. ADB has adopted five defining elements of CDD, namely (i) a community focus, (ii) participatory planning and design, (iii) community control of resources, (iv) community involvement in implementation, and (v) use of community-based participatory monitoring and evaluation to ensure downward accountability to the community.

¹ The report was prepared by Raul P. Gonzalez, ADB Consultant. An earlier version of this report (19 March 2012) was prepared based mainly on interviews and reviews of key documents of the PNPM-Mandiri Program. Key informants included Ibu Vivi Yulaswati (Director for Poverty Program Development, BAPPENAS), Pak Sentot Satria (PNPM Support Facility), Pak John Vic Bottini (PNPM-Rural Consultant), Drs. H. Hadi Santos MA (Assistant Deputy for Policy and Budgetary Affairs, Coordinating Ministry for People’s Welfare) and Ibu Fatimah Sari Nasution (Senior Policy Coordinator Consultant, Sekretariat Tim Pengendali PNPM-Mandiri). The report also benefitted from the discussions of a Philippine CDD Workshop that was held on 30 January 2012 under the sponsorship of the Asian Development Bank (ADB). The current version is based on supplemental information obtained during the ADB-sponsored CDD Learning Visit of the NCDDP Inter-Agency Preparation Team (NIAPT) members – representatives of Philippine national agencies involved in the design of the National CDD Program – which took place from November 4–8, 2012.

² ADB. 2010. *Technical Assistance to the Philippines: Support for Social Protection Reform*. Manila. (TA 7733-PHI)

4. To date, ADB has financed some 80 projects with CDD characteristics throughout Asia and the Pacific, including ten in Indonesia during the period from 2001 and 2007 (see Annex 1). Since 2008, ADB has supported the RIS-PNPM Project of the Ministry of Public Works.³ RIS-PNPM, one of the core programs of PNPM-Mandiri, supports community facilitation and mobilization and rural infrastructure community projects in the four provinces of Jambi, Lampung, Riau, and South Sumatra.

B. Context and Background

5. CDD was introduced in Indonesia in 1998 in the aftermath of two major events that had devastating effects on Indonesia's poor: the Asian financial crisis and the subsequent political upheaval that brought about the downfall of the Sukarno administration in 1998 and broke down the service delivery mechanisms of the central government.

6. The first post-Suharto CDD project was the *Kecamatan* (sub-district) Development Program (KDP) in 1998, which was funded by the World Bank. Since then, a number of CDD projects have been implemented and funded by various development partners, among them: the Urban Poverty Project, the Village Infrastructure Project (VIP), the Rural Infrastructure Support Project, the Community Water Services and Health Project, the Community and Local Government Support Project, and the Community Empowerment for Rural Development.

7. Extensive quantitative evaluations conducted on the *Kecamatan* Development Program (KDP)⁴ – the main predecessor of PNPM Mandiri – report that village infrastructure projects supported by the KDP have an average economic internal rate of return of more than 50%, well above other non-CDD rural infrastructure projects implemented in similar geographic areas of Indonesia. Infrastructure built through CDD programs also cost much less (by about 40%) than similar works built through other procurement methods while meeting quality standards. Studies also found that CDD community projects are likely to offer better cost recovery and O&M (operations and maintenance) of completed infrastructure facilities and services due to the community members' strong sense of ownership. Finally, CDD targeting approaches help ensure that benefits accrue to the poor.

8. There are non-economic benefits as well. First, as amply demonstrated by external and internal audits, CDD's emphasis on accountability and transparency in decision making and procurement has reduced significantly corruption and funds leakage. Second, CDD bottom-up planning processes present more opportunities for the inclusion and participation of poor women and other disadvantaged groups in community and local governance processes. And third, CDD can demonstrably operate to scale, as demonstrated by the presence of PNPM-Mandiri in each of the 6,600 sub-districts (*kecamatan*) of Indonesia.

C. Indonesia's Overall Poverty Reduction Program

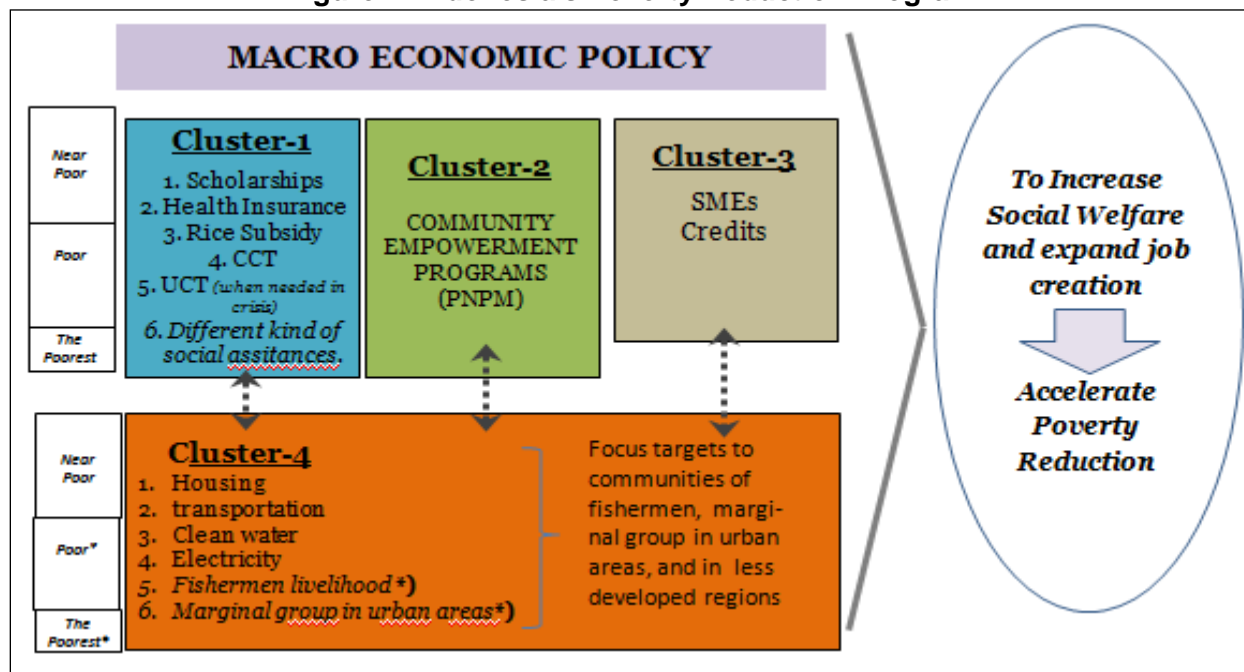
9. In 2005, the Indonesian Government declared the National Strategy for Poverty Alleviation (see Figure 1) as the basis for all efforts to accelerate poverty reduction. The overriding goal of the government's national strategy is to "accelerate poverty reduction by increasing social welfare and expanding job creation." Its target is to reduce poverty from its current incidence of about 13% of the population to 7%–9% by 2014. The National Strategy has

³ Rural Infrastructure Support for PNPM-Mandiri (RIS-PNPM).

⁴ The *Kecamatan* (sub-district) Development Program (KDP) has been incorporated into the PNPM-Mandiri Program and renamed PNP-Rural.

grouped all poverty reduction programs into four clusters, with each cluster providing focused assistance and capacity building to the three groups of Indonesia's poor – the poorest, poor and near-poor.⁵

Figure 1: Indonesia's Poverty Reduction Program



Source: PowerPoint Presentation on Indonesia's Community Driven Development Program by Ibu Vivi Yulaswati.

10. Following are brief descriptions of the four program clusters.

11. **Cluster 1 – Social Assistance and Protection.** This involves the provision of a package of social protection measures –scholarships and other assistance for schools, health insurance, rice subsidies, conditional cash transfers and other similar interventions – to reduce cost and burden of poor people for food, shelter, water, sanitation, health, and education. Households receiving assistance from this program cluster are identified by the Central Bureau of Statistics who verifies and updates the data of these targeted households on a regular basis. In 2007, 19.1 million targeted households (including the 3.4 million poorest Indonesian households) received assistance from this cluster. The number of recipient-households declined in 2008 and 2009 to 18.5 million and 17.1 million households, respectively.

12. **Cluster 2 – Community Empowerment.** This is the PNPM-Mandiri Program whose general objective is to improve the welfare of poor communities. Specific objectives include (i) increasing participation of all community members, including the poor, women's groups, indigenous communities, and other community groups that have not yet been fully involved in the development process; (ii) improving the capacity of community institutions that are locally based, representative and accountable; (iii) improving local government capacity to provide public services to poor communities through development of pro-poor policies, programs and budgets; (iv) increasing synergy between communities, local government, and other pro-poor

⁵ Dr. Ir. Sujana Royat DEA , *The PNPM Generasi : Conditional Cash Transfer for Poor people Driven by Community For Better Health and Education In Indonesia*. ADB (undated).

stakeholders (e.g., private sector, associations, universities, media, nongovernment organizations (NGOs), etc.) to improve the effectiveness of poverty reduction initiatives; (v) enhancing the independent capacity and capability of the community and local government as well as local stakeholders in reducing local poverty; and (vi) increasing innovation and the use of appropriate technology, information and communication in community development.

13. **Cluster 3 – Credit for Small and Micro Enterprises.** This involves central government guarantees for loans extended by Indonesian banks to micro (maximum of IDR500 million) and small enterprises (IDR500 million to IDR2.5 billion) of individuals and groups. The Indonesian Government assumes the risk of these loans by paying claims for non-performing loans (NPL) from banks participating in the credit scheme, particularly for credits at 5 million IDR and below. The banks apply no collaterals for loans of 5 million IDR and below. From 2007 to 2008, 1.7 million creditors received more than 13 Trillion IDR in loans. While the loans are provided by the banking system with central government guarantees, facilitation and capacity building for the micro and small entrepreneurs are provided by government line ministries.

14. **Cluster 4 – Housing and Other Services.** The newest of the government's pro-poor programs, this cluster involves the focused provision of housing, transportation, clean water, electricity and livelihood to fisher folk and marginal groups in urban areas and the less developed regions.

15. While Indonesia has made significant advances towards its MDG targets, recent assessments by BAPPENAS, the national planning ministry, found that the most recent financial crisis has impeded the achievement of some MDG targets, in particular, national poverty incidence, nutrition, net enrollment rate, and others.⁶

16. In response, the Indonesian government has issued policy directives to accelerate the achievement of its Millennium Development Goal (MDG) targets during the period from 2010–2014. Presidential Decree No. 3/2010 has been issued to instruct ministers, governors and other leaders to mainstream the achievement of MDG goals within sectors, programs and activities together with the provision of needed funding, and other resources. The Decree provides the basis for the establishment of a Road Map toward MDG targets, development of Regional Action Plans, improvement of MDG-related databases and efforts to strengthen local government capacity in pro-poor planning and budgeting.

17. The Indonesian government's Annual Plan for 2012 has outlined the following poverty reduction priorities:

- (i) **Expansion and improvement of the CCT Program.** Expansion to cover 1,516,000 of the poorest households and include Eastern Indonesia. Improvement of the targeting method in the 2011 database, socialization, verification, and payment system.
- (ii) **Strengthen the effectiveness of PNPM Mandiri.** Increase the impact and effectiveness of the program for job creation. And strengthen the quality of integration among CDD programs and local pro-poor planning, budgeting and policy.
- (iii) **Expand pro-poor programs.** This expansion will include (a) affordable housing for the poor; (b) cheap transportation, including for rural transportation and

⁶ Ibu Vivi Yulaswati, Deputy Director for Poverty Program Development, BAPPENAS. Indonesia's Community Driven Development Program (PowerPoint Presentation), undated.

efficient cars; (c) clean water for the poor; (d) cheap and efficient electricity for the poor; (e) improve fisherfolk livelihood and quality of 400 fishing ports; (f) improve conditions of vulnerable groups in urban areas, including housing and basic services as well as economic productive activities.

- (iv) Facilitate land ownership of the poor.
- (v) Strengthen access and quality of family planning for the poor, especially in remote areas.

D. PNPM-Mandiri and CCT Program

18. The National Strategy for Poverty Alleviation seeks to coordinate and harmonize the Indonesian government's poverty reduction efforts, not only within the four program clusters but also between activities belonging to different clusters. One example is PNPM-Generasi, a special project of PNPM-Mandiri that supports the CCT Program.

19. In October 2005, the Indonesian government raised fuel prices by more than 120%. To ease the burden of the poor, it implemented an Unconditional Cash Transfer (UCT) Program for eligible poor households. The UCT program provided 100,000 IDR (\$10) per month, paid quarterly for a period of one year, to recipient households that were identified by Statistics Indonesia (BPS) through the use of a proxy-means testing methodology. During the first distribution in October 2005, the government provided funding of IDR4.6 trillion to some 15.5 million households (28% of the Indonesian population). The disbursement of funds was done through the Indonesian Post Office through its network of branches.

20. Although the UCT was appreciated by recipient households, there was resistance to the program from a number of parliamentarians, NGOs, universities and (even) political parties. An independent evaluation of 44 university research centers showed that, while the UCT can provide significant assistance to the poor during crisis periods, it has minimal long-term impact on status of poor households. The evaluation recommended that the UCT be complemented with other cash transfer schemes that would enable the poor to have access to basic services.

21. In response, the Indonesian Government launched a CCT program in 2007 focusing on the same UCT target households but with the application of conditionalities. The objectives of the CCT program, called "Program Keluarga Harapan" or PKH, are (i) reduced maternal mortality, (ii) reduced child mortality, (iii) universal coverage of basic education, and (iv) reduction of child labor and encouragement of children to enroll and stay school.

22. Following is the list of PKH/CCT Program conditionalities. The first eight are related to health, while the remaining four are education conditionalities.

Health	<ul style="list-style-type: none"> (i) Four prenatal care visits during pregnancy (ii) Taking iron tablets during pregnancy (iii) Delivery assisted by trained professional (iv) Two postnatal care visits (v) Complete childhood immunization (vi) Ensure monthly weight increases for infants (vii) Regular weighing for under-fives (viii) Taking vitamin A twice a year for under-fives
Education	<ul style="list-style-type: none"> (i) Primary school enrollment (7–12 years old) (ii) Regular primary school attendance >85% (iii) Junior secondary school enrollment (13–15 years old) (iv) Regular secondary school attendance >85%

23. To be eligible for CCT/PKH assistance, a poor household should have a pregnant mother, children between 0–6 years of age, and children of primary and high school age (6–17 years). The cash subsidy is provided every three months to the mother in the household.

24. An ADB assessment⁷ of the CCT/PKH Program in 2009 identified the following four important implementation lessons (i) problems are mostly ones of execution rather than design; (ii) most issues can be resolved with more preparation prior to start up; (iii) issues are remarkably similar to those encountered in other countries; and (iv) it will take time until everything runs smoothly.

25. The ADB assessment made four general recommendations (i) ensure that the requisite knowledge and skills have been acquired (and coordination is strong); (ii) financial resources should be available and clearly defined; (iii) the program is understood and supported by the community at large; and (iv) timetables are realistic.

26. In addition, the study proposed the following five specific recommendations:

- (i) consider introducing a form of inflation adjustment (as was done in the Mexican CCT program);
- (ii) focus more on errors of inclusion than exclusion;
- (iii) make the selection process more transparent by making it participatory;
- (iv) strengthen the socialization (community facilitation and information dissemination) strategies; and
- (v) collaborate with local NGOs to serve as conduit between recipient communities and program providers.

27. **PNPM-Generasi.** PNPM Generasi “Sehat dan Cerdas” (which means “a Healthy and Bright Generation”) is also a CCT that is given to the community as a whole and managed by community groups. Hence, it may be considered “community CCT” and as such, is expected to help communities achieve improvements in the twelve health and education indicators of the CCT/PKH.

28. PNPM Generasi builds extensively on the infrastructure and capacities developed through PNPM-Rural (previously the KDP) to which it has been attached. It seeks to accelerate the achievement of Indonesia’s MDG targets by addressing the problems of access of poor households to health and education services, such as when children have to swim across a river to attend school or pregnant mothers must walk three or more kilometers to the nearest health center, thereby risking her health and unborn child.

29. Through PNPM Generasi’s participatory planning processes, communities identify problems and propose locally-appropriate solutions to solve demand- and supply-side problems. The commitment of the communities to improve on the twelve CCT/PKH indicators is a precondition for their participation in PNPM Generasi. Each participating village receives facilitation and technical assistance (through the deployment of *kecamatan*-level facilitators and the conduct of training) and an annual block grant of about \$9,000.

⁷ Bloom, Karin Schelzig, Social Sectors Specialist, ADB. *Conditional Cash Transfers: Lessons from Indonesia’s Program Keluarga Harapan*. 24 July 2009.

30. Thus far, PNPM-Generasi block grants have been utilized for (i) awareness raising activities; (ii) supplementary feeding for small children and school-aged children; (iii) transportation subsidies for midwives; (iv) subsidies for mothers using health services; (v) infrastructure and tools for village health centers; (vi) school uniforms, books and stationery; and (vii) subsidies for transportation for junior secondary school students.

31. PNPM-Generasi began implementation in 2007, with 127 *kecamatan* (20 districts) and expanded to 178 *kecamatan* (21 districts) in 2008 with approximately 3.1 million beneficiaries. The social mapping carried out by villagers on the first year of PNPM Generasi implementation identified over 450,000 children under five years, 750,000 school-age children, and over 90,000 expected pregnancies and deliveries in the coming year. Participation of females and poorer residents in community hamlet (*dusun*) meetings has been high at 88% and 67%, respectively. Grants disbursed in the first year amounted to \$14 million, with villagers providing an additional \$720,000 (5% of grant amount) as counterpart contributions for village projects.

E. Goal and Coverage of PNPM-Mandiri

32. The launch of the PNPM-Mandiri Program in 2007 through Presidential Decree signaled the formal adoption by the Government of Indonesia of the CDD approach as a national strategy for poverty reduction. As the national program for community empowerment, PNPM-Mandiri seeks to promote a spirit of cooperation and self-help and empower rural and urban communities to participate in development. The program is linked to the achievement of targets set out in the Indonesian government's Medium-Term National Development Plan and poverty reduction outcomes related to the attainment of the country's MDGs.

33. Prior to the launch of the PNPM-Mandiri program, there was little coordination among the numerous community-based programs of the various Indonesian government ministries involved in poverty reduction. As a result, there was an overconcentration of development activities in some geographic areas, leading to the neglect of other locations. Duplication often created confusion among beneficiary communities due to overlapping community institutions, differing policies and procedures and wide variances in the unit costs of community projects.

34. PNPM-Mandiri is therefore a strategic decision of the Indonesian government to put in place a comprehensive framework to streamline, coordinate and make more compatible the community development programs of its different ministries, thus institutionalizing the experience of Indonesia in bottom-up planning and decision-making.

35. Three years after its launch, PNPM-Mandiri achieved the important milestone of reaching every Indonesia in 2009. In 2011, some 68,000 villages (out of the 72,000 total villages in Indonesia) benefited from PNPM-Mandiri.

36. In 2012, PNPM-Mandiri continued to be implemented in all 33 provinces, 495 districts and 6,680 sub-districts of Indonesia.⁸ PNPM-Mandiri block grants to sub-districts, which constitute 80% of the Program's budget,⁹ reached an estimated \$1.2-billion in 2012.¹⁰

⁸ The administrative set-ups in Indonesia and the Philippines are not similar, although parallels can be drawn. The Indonesian *kecamatan*, the locus of P/M intervention, is roughly equivalent to the Philippine municipality, the locus of intervention of KALAHÍ-CIDSS. The Indonesian *kabupaten* (district) is roughly equivalent to the Philippine province, while the Indonesian province is comparable to a Philippine region.

⁹ Apart from the block grant, the other components of the PNPM-Mandiri Program budget are: (i) Community facilitation/training (10% of total), (ii) Technical assistance and supervision (4%) and (iii) Overhead (6%).

37. In the PNPM-Mandiri Program, each participating sub-district receives a block grant allocation to support village projects identified and proposed by the villagers themselves. The size of the block grant is determined by two major factors, namely, size of total population and poverty incidence.¹¹ The following table illustrates the application of these two factors to rural sub-districts and the resulting block grants for the different categories of *kecamatan*.

Table 1: Size of Block Grant for Rural Sub-districts

Location	Population size	Poverty Incidence	Block Grant (\$) ^a
Within Java	Less than 40,000	Less than 12%	66,667
		12–23%	100,000
		Greater than 23%	333,333
	40,000–60,000	Less than 12%	77,778
		12–23%	116,667
		Greater than 23%	333,333
	More than 60,000	Less than 12%	88,889
		12–23%	138,889
		Greater than 23%	333,333
Outside of Java	Less than 7,500	Less than 12%	55,556
		12–23%	72,222
		Greater than 23%	194,444
	7,500–15,000	Less than 12%	66,667
		12–23%	83,333
		Greater than 23%	333,333
	15,000–25,000	Less than 12%	77,778
		12–23%	100,000
		Greater than 23%	333,333
	More than 25,000	Less than 12%	88,889
		12–23%	122,222
		Greater than 23%	333,333

^a Note: Block grant figures were originally provided in Indonesian rupiah and converted to US dollars using the exchange rate IDR9,000=\$1.

38. About ninety percent of the PNPM-Mandiri program budget is provided by the Indonesian national government with the remainder contributed by district (*kabupaten*) local governments.¹²

39. The counterpart contribution (known locally as DDUB or “cost-sharing”) of the district government is computed as a percentage of the PNPM-Mandiri block grant.¹³

¹⁰ The total PNPM-Mandiri budget of \$1.5-billion in 2012 represents about 1% of the Indonesian government’s budget.

¹¹ Another factor that affects the block grant size is location, that is, whether the sub-district is in Java or another part of Indonesia and whether the sub-district is urban or rural. The location factor is in consideration of differences in population size.

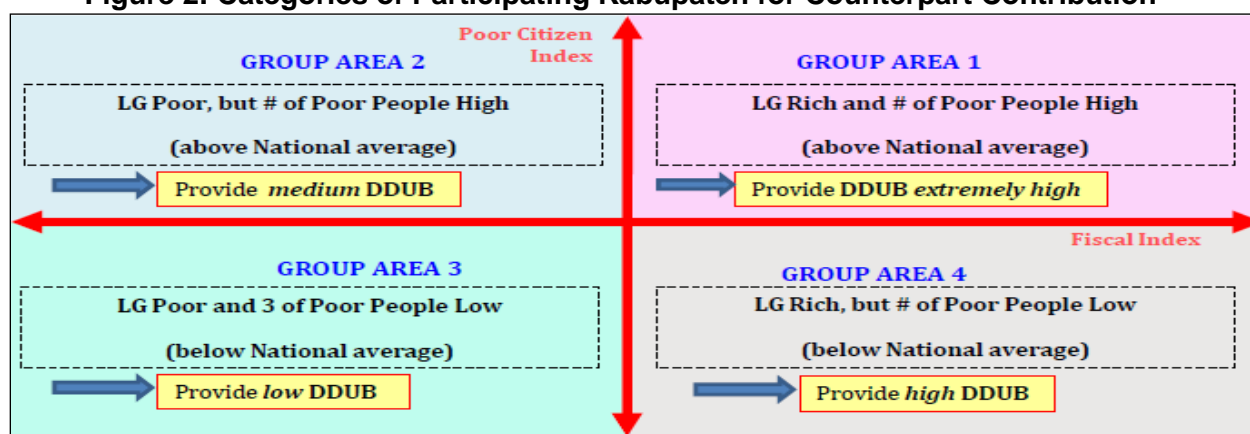
¹² This does not include counterpart contributions from villagers and other donors.

¹³ Some kabupaten governments find difficulty in meeting PNPM-Mandiri counterpart obligations because their funds are committed to other programs. At the moment, for example, PNPM-Rural estimates that about 15% of their partner-kabupaten governments are delinquent in their counterpart contribution. When this occurs, a district government is normally given a grace period of one year to meet its obligations; if it fails to do so upon the lapse of this grace period, the district is suspended from further participation in PNPM-Mandiri until it is able to meet its cost-sharing commitments. When the kabupaten is suspended, completion of the community projects is also delayed. Under the three-tranche system of PNPM-Mandiri, the final tranche of the community grant (20% of total) is not released until the kabupaten government’s contribution, which forms part of the second tranche of funds (40% of community grant), has been fully released to the community bank account.

40. In 2010, the Ministry of Finance released a memorandum defining a new cost-sharing scheme for district governments based on two criteria, namely, fiscal capacity and poverty incidence. Fiscal capacity is determined by four variables including (i) the district government's own revenues, (ii) internal revenue allotment from the national government, (iii) the kabupaten operating budget (personnel and maintenance) and (iv) the relative costs of local construction.

41. The application of the two criteria classifies participating districts into four distinct groups or categories. Districts belonging to Group-1 are required to contribute an amount equal to 20% of the PNPM-Mandiri block grant; conversely, Group-3 districts provide only 5% cost-sharing. Group-2 and -4 districts contribute either 10% or 15% of the block grant (see Figure 2).¹⁴

Figure 2: Categories of Participating Kabupaten for Counterpart Contribution¹⁵



Source: Asian Development Bank.

42. Apart from the provision of cost-sharing, district governments also perform other roles in the PNPM-Mandiri program, including (i) monitoring and supervision of the PNPM-Mandiri funds provided by the central government to communities; (ii) assistance in the resolution of complaints and grievances, e.g., through referral to the police and local courts; (iii) coordination and oversight of local implementation, including the conduct of regular meetings of provincial and district coordination teams, which involve technical personnel of local governments and PNPM-Mandiri local implementation teams; and (iv) fund sourcing for other community proposals that are not prioritized for PNPM-Mandiri funding.

43. A few local governments have begun to replicate the PNPM-Mandiri, using their own funds. Two notable examples are the governments of the two autonomy provinces of Aceh and Papua, which invest annually at least \$50-million each in their respective PNPM-Mandiri replications. In many instances, the PNPM-Mandiri program and local government replication are integrated completely, even to the extent of using the same *kecamatan* specialists and community facilitators to implement both programs. This arrangement has been highly beneficial for communities whose proposals did not receive priority for PNPM-Mandiri funding.

¹⁴ A clear advantage of the new cost-sharing scheme is its recognition of differences in fiscal capacity among district governments. However, some parties have expressed concern that the new scheme actually represents a step back from the institutionalization of PNPM-Mandiri into the local government structure. This is because the new scheme has reduced the financial stake of the kabupaten in the program. Prior to the new cost sharing scheme, the average kabupaten counterpart had already reached 40% of the block grant.

¹⁵ Sulistyaningrum, Woro S., Deputy Director for Community Empowerment Directorate for Poverty Reduction National Development Planning Agency (BAPPENAS), *Powerpoint Presentation: Coordination and Institutional Arrangements of PNP Mandiri at the Central Level*. Jakarta, 5 November 2012.

44. Despite these initial replication successes, it is unlikely that responsibility for PNPM-Mandiri program implementation will be transferred to kabupaten governments in the near future. Currently the subject of much discussion in Indonesia, the issue is linked to the bigger question of whether PNPM-Mandiri should remain a national program or if it should be devolved to local governments (regardless of the funding contributions of the national and local governments to the costs of PNPM-Mandiri). At any rate, the transfer of PNPM-Mandiri implementation responsibility to kabupaten governments will likely depend on the progress achieved by local governments in incorporating accountability, transparency and other good governance practices into their operations.

F. Implementation Strategy of PNPM-Mandiri

45. PNPM-Mandiri consists of two main elements: PNPM-Inti (Core) and PNPM-Penguatan (Strengthening).¹⁶

46. At the start of the Program, PNPM-Core consisted of five major community empowerment programs, namely (i) *Kecamatan* Development Program (KDP) (World Bank), (ii) Urban Poverty Project (UPP)¹⁷ (World Bank), (iii) RIS/PNPM Project (ADB), (iv) Regional Infrastructure for Social and Economic Development Project (RISE) (JBIC); and (v) Support for Poor and Disadvantaged Areas Project (SPADA) (World Bank). The SPADA Program is now winding down and its communities have been transferred to PNPM-Rural for future assistance.

47. The remaining four PNPM-Core Programs are housed in two separate ministries. The implementing agency for PNPM-Rural is the Ministry of Home Affairs, while the Ministry of Public Works hosts PNPM-Urban, RISE and RIS/PNPM.

48. The four PNPM-Core programs work in geographically-separate sub-districts. Annual discussions between BAPPENAS and the concerned ministries result in the target sub-districts being assigned to one of the core programs. The core programs adhere closely to their assigned locations to avoid duplication of effort and waste of resources.

49. Of the 6,680 *kecamatan* covered by the Program in 2012, PNPM-Rural assists 5,100 (76% of total), while PNPM-Urban is responsible for 1,151 (17%). The remaining *kecamatan* are covered by RIS-PNPM (187 *kecamatan*, 3%) and RISE (237 *kecamatan*, 4%).

50. In terms of the community projects supported by PNPM-Mandiri, transportation (e.g., roads and bridges) account for more than half of all investments (53.75%), while economic activities are a distant second (14.58%). Health (13.40%) and education (9.90%) projects rank third and fourth, respectively, in total investments. The remaining community projects involve investments in agriculture (3.65%), social (3.50%), energy (0.97%), environment (0.22%) and others (0.03%).

¹⁶ The relationship between PNPM-Core and PNPM-Strengthening is often described in terms of a “drinking glass” metaphor. The role of PNPM-Core is to construct the “drinking glass”, i.e., to build the capacity of villagers and the institutions that will facilitate their participation in autonomous development. Once the “drinking glass is completed”, it can hold “water,” that is, the funds and other resources to be provided by PNPM-Strengthening ministries (e.g., Agriculture, Tourism, etc.) that will enable the village groups to undertake other development projects. In the original formulation of PNPM-Mandiri, a PNPM-Strengthening ministry can only provide assistance to a village that has completed at least three cycles of assistance from a PNPM-Core program.

¹⁷ The UPP was renamed PNPM-Urban when it was made part of PNPM-Mandiri.

51. PNPM-Mandiri support for education and health is used mainly for the rehabilitation of existing facilities since the provision of education and health services have been transferred from the national ministries to the local governments. This is due to the radical and rapid decentralization program (known as “big bang” decentralization) that the Indonesian government initiated in 2001. Within a year of its commencement, the effort had decentralized much of the responsibility for public services to the local level and almost doubled the regional share in government spending.

52. Laws 22/1999 and 25/1999 give broad autonomy to the *kabupaten* (district) in all but a few tasks that are explicitly assigned to the provincial and central government (e.g., defense, security, justice, foreign affairs, fiscal affairs, and religion). With authority came resources, including the rights over shares in natural resource exploitation and the power to levy taxes. Local governments were assigned obligatory functions including health, education, public works, environment, communications, agriculture, industry and trade, capital investment, land, cooperatives, and manpower and infrastructure services.¹⁸

53. Currently, local governments receive a special allocation (known as “Dana Alokasi Khusus,” or DAK) from the central government for the provision of these services. Once education and health facilities have been rehabilitated through the use of PNPM-Mandiri funds, their operations and maintenance become the responsibility of the concerned local governments.

54. PNPM-Mandiri’s engagement with poor communities was originally intended to last for three years, or three funding cycles for community projects. In practice, however, the Program has continued assistance to beneficiary communities well beyond this period. For example, some PNPM-Rural communities have received assistance for 10 funding cycles over the last 13 years (including assistance from the previous KDP). This is actually a good thing: evaluations of PNPM-Rural indicate that the impact of the Program is directly related to the number of times that a community receives funding for its priority projects.

55. The Indonesian government is committed to support PNPM-Mandiri until the end of President’s Yudhoyono’s second (and final) term in 2014. While the future may be uncertain after 2014, many are confident that the Program will continue since it has survived (and even prospered) through five presidencies.

56. The “temporary” nature of the PNPM-Core Programs was originally intended as the rationale for the PNPM-Strengthening component. PNPM-Strengthening, which consists of the pro-poor programs of sector ministries, was intended to provide “mature” communities, which had completed at least three cycles of PNPM-Core funding, with the resources needed to undertake other development initiatives, such as, village agribusiness, fisheries, tourism, and others.

57. Unfortunately, PNPM-Strengthening initiatives have not been able to attract the level of resources required to have significant impact. At the same time, PNPM-Strengthening programs may not have been well-targeted: instead of mature communities, there is concern that, in some instances, support was provided to political allies.

G. Common Implementation Features of PNPM-Mandiri Core Programs

¹⁸ ADB. *Community-Driven Development, Country Profile INDONESIA*. Undated.

58. All four PNPM-CORE Programs adhere to – and practice – a common implementation strategy that incorporates the following five key CDD elements:¹⁹

- (i) Funds are provided directly to communities as multi-year and predictable transfers, with menu that is as open as possible, i.e., community block grants that are not earmarked at the start. Villagers manage subproject funds, including bookkeeping, procurement processes and reporting and information dissemination.
- (ii) The mobilization of participating communities is facilitated and technical assistance (TA) is provided by facilitators who are recruited to provide information, promote participation, train villagers and oversee technical quality implementation. Facilitator assistance is in addition to local government services, such as agricultural extension services or local medical services.
- (iii) Rules, procedures and processes are simple, understandable, and based on a project manual whose primary audience is the local facilitators and communities.
- (iv) Process, results and funds are monitored, tracked and accounted for through a management information system (MIS), reports, and intensive field supervision.
- (v) A complaints-handling system is in place with a guaranteed response: corrective actions are taken by program management, through the formal legal system if needed.

59. Of these five CDD elements, ensuring the availability of block grants for communities and deploying well-trained facilitators at the start of the implementation are of crucial importance in scaling up CDD implementation.

60. A cross-cutting value of PNPM-Mandiri stakeholders is their shared commitment to transparency and good governance. PNPM workers are taught that it is impossible to have perfectly-designed programs that will have zero corruption. Instead, they are trained to expect problems and, more important, *to exercise zero tolerance towards corruption and fraud*.

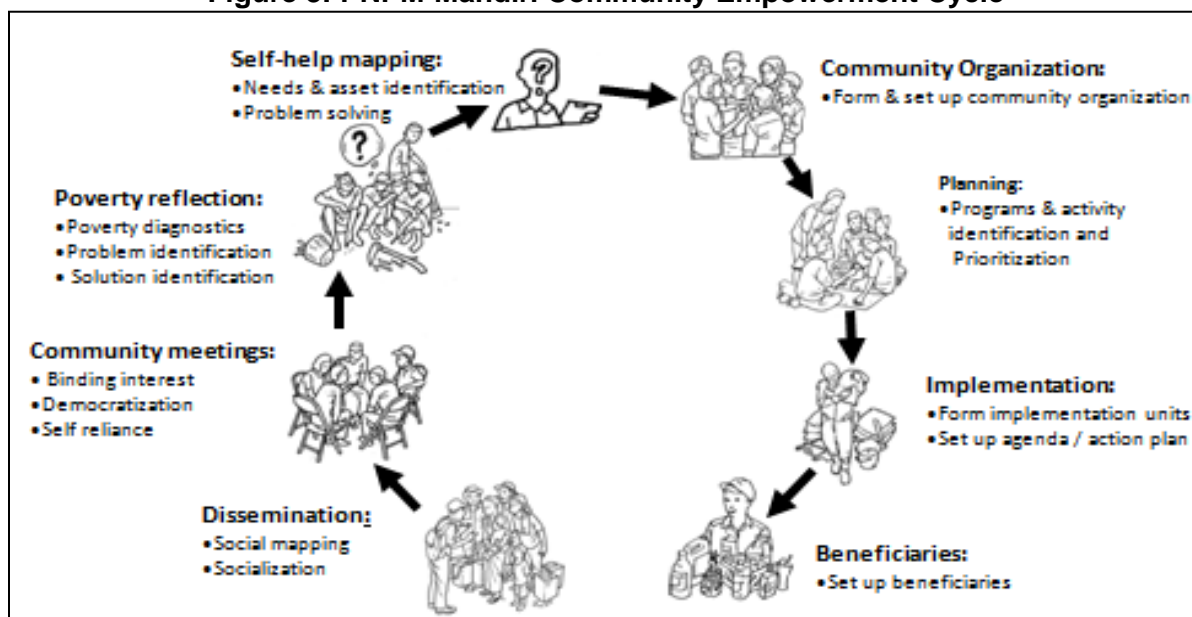
61. **Transparency and Governance.** This unwavering emphasis on transparency and governance finds expression through an effective grievance mechanism that enables villagers to complain and get a response if community leaders misuse their authority or if there are allegations of misused funds. The complaints mechanism is also complemented by a functioning sanctions and rewards system. The Program ensures that sanctions are enforced and information on sanctions is disseminated so that the public knows that a *kecamatan* has been suspended from participation or facilitators fired and, more important, the reasons for the imposition of these sanctions.

62. Together, the above five strategies and the crosscutting value of transparency constitute the core design features of CDD programs in Indonesia and represent a shared vision of CDD among its stakeholders in the country.

63. **Community Empowerment Cycle.** The shared vision of CDD is made operational in the PNPM-Mandiri Empowerment Cycle (see Figure 2 on following page), which shares many similar features with the Community Empowerment Activity Cycle (CEAC) of the Philippine KALAHI–CIDSS Project.

¹⁹ Bottini, John Victor, From KDP to PNPM: Opportunities and Challenges in Scaling-Up CDD (PowerPoint presentation). November 2012 (unpublished).

Figure 3: PNPM-Mandiri Community Empowerment Cycle

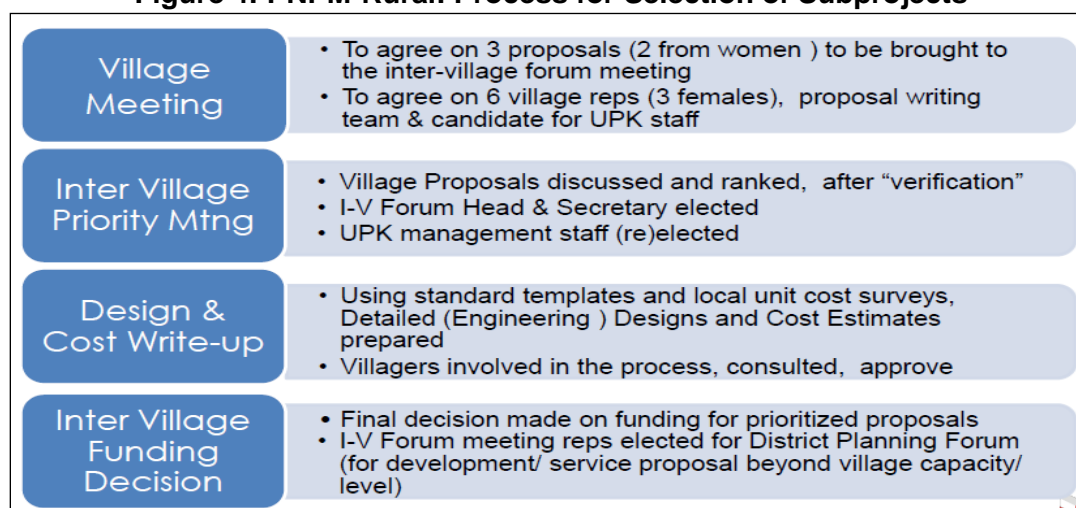


Source: PowerPoint Presentation on Indonesia's Community Driven Development Program by Ibu Vivi Yulaswati.

64. Despite the above consensus, there are a number of differences among the PNPM-Core programs. Minor differences include (i) wider range of community projects (“more open menu”) supported by some core programs compared to others, (ii) variations in the tranche system of releasing funds to the community accounts, and (iii) some programs make use of community bank accounts at the inter-village level, while others have adopted individual bank accounts.

65. **Selection of Village Subprojects.** An important difference is in the selection of village subprojects. The PNPM-Urban and RIS-PNPM Programs select the villages who will receive block grants to fund their identified community projects. In contrast, there is no pre-selection of villages in PNPM-Rural; instead, community block grants are awarded to participating villages through a competitive process at the *kecamatan* level. The following figure describes the selection process of community projects in the PNPM-Rural Core Program.

Figure 4: PNPM-Rural: Process for Selection of Subprojects



66. The use of competition in subproject selection (called “community prioritization” in KALAHİ–CIDSS) remains the subject of debate within PNPM-Mandiri. Its advocates maintain that competition creates enthusiasm among communities, promotes participation, and results in better-quality proposals and (ultimately) high-quality projects. Its opponents claim that competition tends to favor communities that are better in proposal preparation who, incidentally, also tend to enjoy a better living standard. In other words, competition is claimed to exclude the poorest villages that are – ironically – most in need of PNPM-Mandiri assistance. This debate is not likely to be resolved soon.

67. Since the four PNPM-Core programs operate in geographically-separate locations, they have flexibility in their field operations. There are no nationally-determined timetables or deadlines for the completion of local CDD activities. In fact, the pace of implementation in one *kecamatan* is relatively autonomous from those of other sub-districts.

68. **Monitoring and Evaluation.** With such a large national coverage, the Program requires robust monitoring tools. At the beginning of the Program, a number of challenges had to be addressed, chief among these, the absence of a central database. Instead, each participating ministry had its own management information system (MIS) with its own platform and data formats, and employed different terms, units and reference in their reporting. Data collection was also being done manually using various formats, e.g., MS-Word, Excel Spreadsheets, paper-based reports, etc. Consequently, there was much difficulty in comparing and analyzing data for monitoring purposes.²⁰

69. As an initial measure, PNPM established the DAFLOK monitoring system, which reported the locations (*kecamatan*) where the five PNPM-Core programs operated as well as the funds allocated for each area in a single document (see Figure 5 below).

Figure 5: DAFLOK Data Report

DAFLOK – Example of 2009 PNPM Mandiri Location and Allocation																
No.	Provinsi	Wayah PNPM Mandiri		Cakupan Program								Komposisi Dana (juta Rp)				
		Kab./ Kota	Kec.	PNPM Perdesaan		PNPM Perkotaan		PNPM Daerah Tertinggal dan Khusus		PNPM Infrastruktur Perdesaan		PNPM Infrastruktur Sosial Ekonomi Wilayah		Total BLM	Sumber APBN	Sumber APBD
				Jumlah Kec.	Jumlah BLM (juta Rp)	Jumlah Kec.	Jumlah BLM (juta Rp)	Jumlah Kec.	Jumlah BLM (juta Rp)	Jumlah Kec.	Jumlah BLM (juta Rp)	Jumlah Kec.	Jumlah BLM (juta Rp)			
1	Nanggroe Aceh Darussalam	23	269	237	1,132,450	32	48,180	0	0	0	0	0	0	1,180,630	204,369	976,262
2	Sumatera Utara	28	400	277	392,000	70	89,140	0	0	0	0	53	79,500	560,640	465,740	104,901
3	Sumatera Barat	19	171	121	135,800	32	49,400	0	0	18	27,250	0	0	212,450	151,973	60,476
4	Riau	11	151	60	58,200	20	20,770	0	0	71	126,500	0	0	205,470	170,345	35,125
5	Jambi	10	116	64	61,100	9	11,940	0	0	26	48,250	17	25,500	146,790	119,315	27,475
6	Sumatera Selatan	15	212	106	143,000	38	45,030	0	0	67	132,000	0	0	320,030	278,039	43,992
7	Bengkulu	9	116	53	77,300	14	14,625	18	12,250	6	10,750	27	40,500	155,425	133,143	22,282
8	Kep. Bangka Belitung	7	40	12	10,800	11	11,940	0	0	0	0	17	25,500	48,240	39,045	9,195
9	Kep. Riau	6	56	35	25,200	21	15,830	0	0	0	0	0	0	41,030	21,415	19,615
10	Lampung	11	204	116	220,300	21	24,965	17	15,750	51	105,750	0	0	366,765	316,905	49,860
11	Banten	7	154	106	228,500	44	85,220	0	0	4	7,750	0	0	321,470	250,882	70,588
12	Jawa Barat	26	616	396	679,000	197	318,650	0	0	25	29,500	0	0	1,027,150	801,245	225,906
13	DKI Jakarta	6	44	0	0	44	51,255	0	0	0	0	0	0	51,255	25,628	25,628
14	DI Yogyakarta	5	78	36	72,200	42	39,985	0	0	0	0	0	0	112,185	89,828	22,357
15	Jawa Tengah	35	573	403	872,800	148	337,285	0	0	22	33,750	0	0	1,243,835	982,995	260,821
16	Jawa Timur	38	660	475	1,057,900	152	332,180	0	0	33	54,000	0	0	1,444,080	1,150,906	293,154

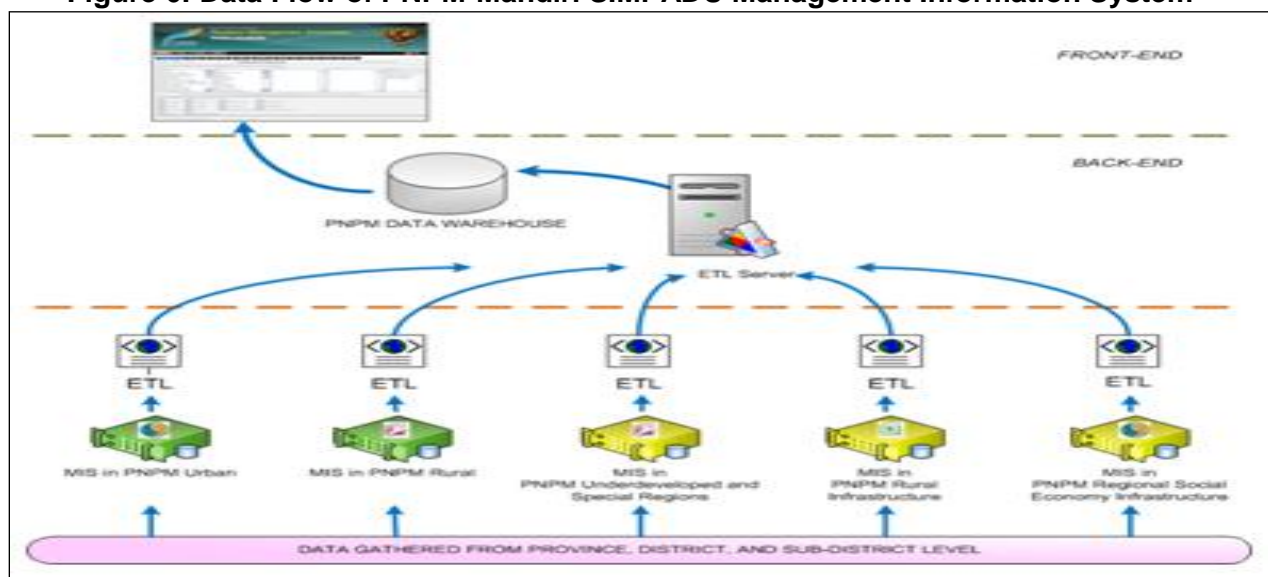
²⁰ BAPPENAS, *Monitoring and Evaluation of PNPM-Mandiri*. Jakarta, Indonesia, November 2012.

70. Typically, the DAFLOK Report would contain the following data (i) the total number of *kecamatan* covered per kabupaten and per province; (ii) the number of *kecamatan* covered by each PNPM-Core Programs within a province; and (iii) the total amount of block grants provided by each PNPM-Core Program for its target *kecamatan* within a province.

71. In August 2009, PNPM-Mandiri launched SIMPADU-PNPM/V1.0 (Sistem Informasi Manajemen Terpadu), its own management information system that is able to integrate data coming from the PNPM-Core Programs both geographically (for each province and district) and in terms of the implementation progress of the four PNPM-Core Programs.²¹

72. SIMPADU relies on the existing management information system (MIS) that had already been installed in the four core programs. Each program sends regular updates to the virtual PNPM data warehouse through a special software package that allows the databases to interact with each other.²² SIMPADU-PNPM is able to display the resulting data in quantitative and visual formats.

Figure 6: Data Flow of PNPM-Mandiri SIMPADU Management Information System



Source: PowerPoint Presentation on Indonesia's Community Driven Development Program by Ibu Vivi Yulaswati.

73. On the other hand, internal users – that is, members of PNPM management and control team – have access to the following features of the MIS to facilitate advanced analysis:

- (i) Graphics - visual analysis of baseline data, realization of activities, demography data, and disaster data.
- (ii) Statistics - maximum, minimum, average, variants, deviation.
- (iii) Reports – create reports of proposed activities, progress of activities, realization of activities, and community participation.

²¹ SIMPADU version 2.0, which improves on version 1.0, was planned to be launched in November 2012.

²² The SIMPADU system has three major operating principles (i) SIMPADU does not change the existing MIS of the PNPM-Core Programs; (ii) SIMPADU only extracts, transfers and loads (ETL) the data from the PNPM-Core Program(s) to the common platform and indicators; and (iii) SIMPADU verifies data, but does not change data. Only the program holders can change the data. In the SIMPADU system, data collection (and ultimately, the quality of data gathered) is the responsibility of the PNPM-Core Programs who are required to continuously improve their data collection systems.

(iv) Thematic Maps – view data distribution spatially.

74. Public users have access to the following features of the SIMPADU MIS:

- (i) Dashboard – view data organized geographically (national, province, district), by time period (total of three years or by year and by program).
- (ii) Queries – create specific queries based on province, district, sub-district, type of activities, or time period.
- (iii) View data – details of proposed and realized activities, together with sub-district profile.
- (iv) View map – create queries spatially.

75. Apart from the adoption of a common set of M&E indicators and a Management Information System to monitor implementation across the five core programs, PNPM-Mandiri has also installed a common grievance redress system, and common training packages.²³

H. PNPM-Mandiri Oversight and Implementation Arrangements

76. In general, PNPM operates at five levels: national, provincial, district, sub-district, and village/ward. At each level, the following entities have been established to take responsibility for oversight and implementation of PNPM-Mandiri (i) Policy and coordinating bodies with larger mandates, into which PNPM fits; (ii) Project Management Units or PMUs (Satuan Kerja/Satker) at national, provincial and district levels provide program oversight and coordination; and (iii) Implementation teams (see Figure 5 on next page).

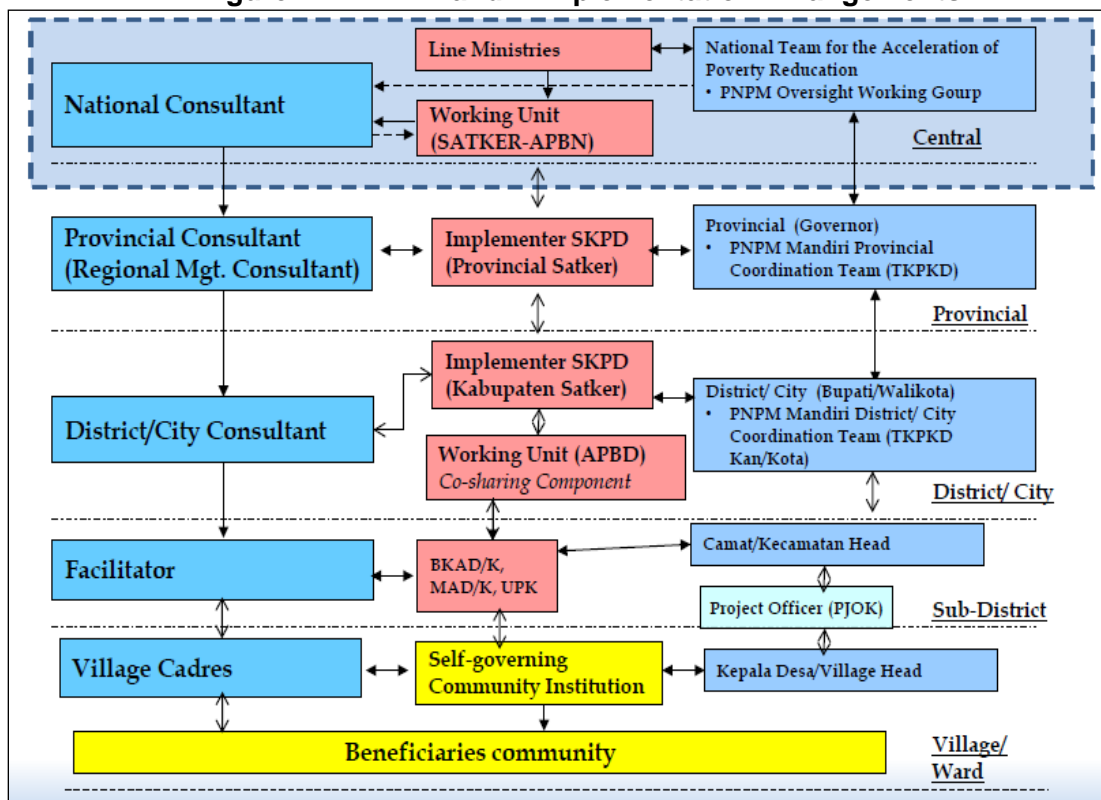
77. **Oversight.** At the national level, PNPM-Mandiri is governed by the National Team for the Acceleration of Poverty Reduction (TNP2K), a cross-sectoral and multi-stakeholder coordinating institution that headed by the Vice President who is, in turn, responsible to the President of the Republic of Indonesia. The main duties of the TNP2K are (i) draft Poverty Reduction Policy and Program; (ii) conduct synergy through synchronization, harmonization and integration of existing poverty reduction programs of the line ministries; and (iii) conduct supervision and monitoring on the implementation of the national poverty reduction program and activities.

78. Reporting directly to the TNP2K and the Indonesian Vice-President is the PNPM Oversight Working Group (Pokja Pengendali PNPM) who provides policy directives, guidance, and managerial oversight to the PNPM Mandiri. The PNPM Oversight Working Group consists of the Steering Committee and the Executing Agency.

79. The Steering Committee consists of Ministers and Heads of Institutions involved in the implementation of PNPM Mandiri, including the state ministers of National Development Planning (BAPPENAS) and Less Developed Regions and the ministers of Finance, Home Affairs, Public Works, and Social Development. Its main responsibility is to provide substantive and technical direction to the Executing Agencies for the successful implementation of PNPM Mandiri.

²³ PNPM-Mandiri has provided DSWD/KALAHİ-CİDSS with the English versions of the manuals for the grievance redress system, monitoring and evaluation, management information system and communications strategy.

Figure 7: PNPM-Mandiri Implementation Arrangements



80. The Steering Committee, which is chaired by the coordinating Minister for Social Welfare (*Menko Kesra*), makes final decisions on the sub-district assignments of the four PNPM-Core Programs, decides on budget allocations and deals with the big issues, such as, poor repayment rates of micro-credit and revolving funds, difficulties in local government cost-sharing contributions, etc. It does not get involved with the local operations of PNPM-Mandiri implementing agencies or with the details of individual community projects.

81. On the other hand, the Executing Agency, whose members consist of below-Echelon/1 officials²⁴ from the line ministries involved in the implementation of PNPM Mandiri, provide support to the Steering Committee. Its major responsibilities include the following:

- (i) formulating the concept, operational policy, coordination, planning, implementation and control of PNPM-Mandiri;
- (ii) monitoring and evaluating the implementation of PNPM-Mandiri;
- (iii) evaluating the results, benefits and impacts of the implementation of PNPM Mandiri;
- (iv) proposing options for the improvement of effectiveness in the implementation of PNPM-Mandiri to the Steering Team;
- (v) reporting results of the monitoring and evaluation of PNPM-Mandiri implementation to the Coordinating Minister of People's Welfare at least once in three months;
- (vi) formulating the operational policy concept, planning and mechanism of the control of PNPM -Mandiri as stipulated in various guidelines and circulars; and

²⁴ In the Philippine government bureaucracy, the equivalent of an Indonesian Echelon 1 official is an Undersecretary.

- (vii) conducting other tasks as decided by the Steering Committee.²⁵

82. Apart from their participation in the PNPM Oversight body, the following ministries have also assumed responsibility for different management functions within PNPM-Mandiri as follows:

- (i) Menko Kesra (Coordinating Ministry of People's Welfare). Overall coordination of PNPM Mandiri during implementation, with special focus on handling of complaints, such as, local government cost sharing, area targeting, misuse of funds, etc.
- (ii) BAPPENAS (National Development Planning Agency). Overall planning and programming (including determination of area assignments in coordination with PNPM-Core Programs); PNPM-Mandiri budget formulation; and monitoring and evaluation and policy development.
- (iii) Ministry of Finance. Budgeting, financial administration, issuance of policies on local government cost-sharing arrangements.
- (iv) Ministry of Communication and Information. Social marketing and communications.
- (v) Technical Ministries. Implementation and technical assistance.

83. At the *sub-national* level, the organizational structure of PNPM-Mandiri consists of (i) the Provincial Coordination Team; and (ii) the Kabupaten/City Coordination Team. The provincial and district coordination teams are chaired by the provincial governors and district heads, respectively, and mirror the composition of the national PNPM-Mandiri Oversight Body. These sub-national teams are mainly engaged in coordination, monitoring and resolution of implementation issues and problems.

84. **Implementation.** Day-to-day implementation of PNPM-Mandiri is the responsibility of consultants (national, provincial and district) and facilitators (at the sub-district and village level). The structure and staffing pattern of PNPM-Rural is described below as an example (see Figure 8 on the following page).

85. At the national level, a team of consultants is responsible for PNPM-Rural program implementation, including coordination with the Project Implementation Unit of the Ministry of Home Affairs (MOHA). Local implementation is managed at the provincial level by 7–10 consultants/specialists and by four consultants – an engineer, social mobilizer, finance person and assistant – at each district,

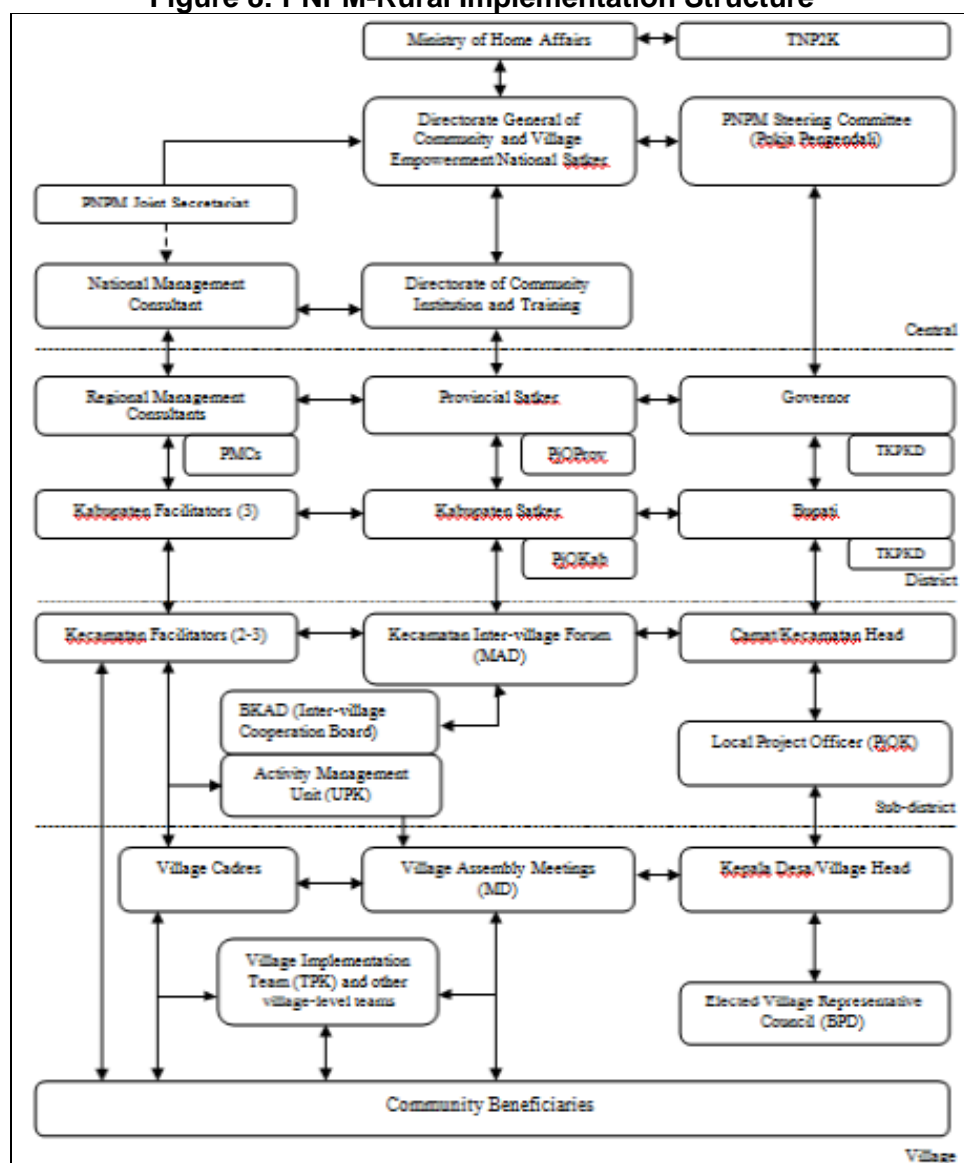
86. There are also two professional staff members – an engineer and a social mobilizer – in each *kecamatan*. In addition, an Activity Financial Management Team (UPK), which is staffed by villagers, is established in each *kecamatan* to monitor implementation of community projects, manage the community bank account and facilitate disbursements of grants to village implementation teams.

²⁵ Despite clearly-defined formal structures and relationships, BAPPENAS officials admitted that, in some instances, the Pokja Pengendali PNPM has been unable to control the budgeting and allocation decisions of technical ministries due to the continuing existence of “sectoral egos” within individual technical ministries, who insist on using the ministry’s planning mechanisms, individual procedures, data, etc., which affects the overall planning quality for PNPM program implementation. (Sulistyaningrum, Woro S., Deputy Director for Community Empowerment Directorate, BAPPENAS, PowerPoint Presentation: Coordination and Institutional Arrangements of PNPM Mandiri at the Central Level. 5 November 2012. Jakarta, Indonesia (unpublished).

87. Finally, in each village, there are some 30–40 residents who are organized into different teams (representation, procurement, inspection, implementation, operations and maintenance, etc.) to lead the different activities within the PNPM-Mandiri implementation cycle.

88. The consultants are paid directly by PNPM-Mandiri, while the costs of the villagers – mostly transportation and supplies – are funded from the block grant for the community project. The village implementation teams and the *kecamatan*-level UPK receive 3% and 2% of the community block grant respectively, for their expenses.

Figure 8: PNPM-Rural Implementation Structure²⁶



I. PNPM-Mandiri Financial Arrangements

²⁶ Sulistyaningrum, Woro S., Deputy Director for Community Empowerment Directorate, BAPPENAS, PowerPoint Presentation: Coordination and Institutional Arrangements of PNPM Mandiri at the Central Level. 5 November 2012. Jakarta, Indonesia (unpublished).

89. Preparation of the national PNPM-Mandiri budget is a joint planning exercise of the two concerned ministries (Home Affairs and Public Works), the four PNPM-Core programs, the Ministry of Finance and the Ministry of Planning (BAPPENAS). As is typical in government planning exercises, budget formulation is done one year in advance; hence, the 2012 budget for PNPM-Mandiri begins preparation in March–April 2011.

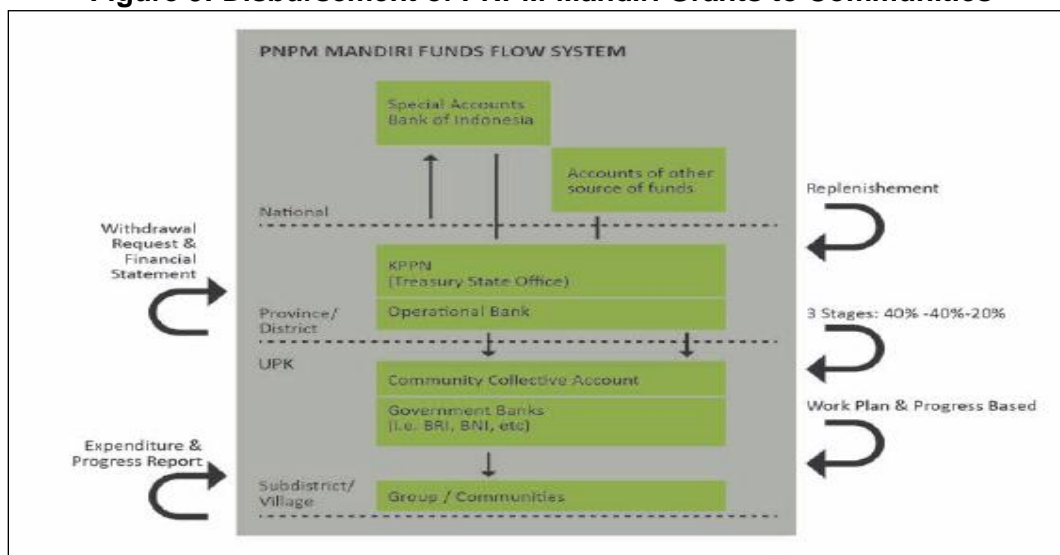
90. Since PNPM-Mandiri is expected to cover all *kecamatan* in the country, an initial difficulty of the planning process is determining the number of sub-districts. Creation of sub-districts in Indonesia is done by the kabupaten government; and information to the central government on new sub-districts created in the previous year is often delayed.

91. Once the number of districts (new and old) has been determined, the overall budget for PNPM-Mandiri is prepared using the parameters described earlier regarding block grant allocations and the costs of the other program components (that is, community facilitation/training, technical assistance and supervision and overhead). The budgets of the individual PNPM-Core Programs are reflected in the overall budgets of the two concerned ministries.

92. The national budget is submitted to the Indonesian parliament in June. If the PNPM-Mandiri budget received an initial favorable reaction from the parliament, participating kabupaten governments are informed unofficially so that they can program the required counterpart contributions into their next year's budget. The kabupaten governments are then informed officially when parliament approves the budget in October. Since the Indonesian government is prepared to advance funds for PNPM-Mandiri, the Program is ready for implementation in January of the following year.

93. All four PNPM-Core Programs generally follow the same procedures in the disbursement of grants to approved community projects. With minor variations, these are the same procedures that were used in KDP and UPP, the two main predecessors of PNPM-Mandiri (see Figure 9).

Figure 9: Disbursement of PNPM-Mandiri Grants to Communities



Source: J.V. Bottini PowerPoint Presentation as quoted in Bolivia Plurinacional: A South-South Experience Exchange on Social Programs with Brazil, Indonesia and Mexico.

94. The disbursement system involves the direct transfer of grant funds from the National Treasury Department in Jakarta to a collective (=inter-village) community bank account.²⁷ Funds are then disbursed from the inter-village account to the village implementation committees based on their work plans and expenditure and progress reports. Funds are transferred on a tranche system (40-40-20). The collective community account is managed by an Activity Financial Management Team (UPK), which is staffed by villagers.

95. The responsibilities of the different parties in the financial disbursement system are set out in a Memorandum of Understanding (MOU) that was executed between the concerned Ministries (the Ministry of Home Affairs in the case of PNPM-Rural), the National Treasury Department and the Provincial government. The MOU stipulates that the block grant is co-administered by PNPM-Mandiri and the local government, even if the latter does not physically handle the block grant.

96. Facilitating the transfer of funds is a provincial government official²⁸, who signs off on community disbursement requests, and the local branch office of the Treasury Department (KPPN)²⁹, who reviews the community's fund request against the budget instruction of the national Treasury Department and thereafter, instructs its bank to make the funds transfer. By virtue of this arrangement, the provincial government is involved in the approval of disbursements for block grants and payments to facilitators.

97. With minor variations, the same disbursement system is used in the payment of facilitator salaries and expenses where the same local provincial government also signs off on disbursement requests. The funds for community facilitation and training are also considered to be co-managed by PNPM-Mandiri and the local government.³⁰

J. The PNPM Support Facility

98. Supporting the PNPM-Mandiri Program is the PNPM Support Facility (PSF), a mechanism established by the Government of Indonesia and its development partners who are involved in PNPM-Mandiri. The PSF is currently administered by the World Bank by virtue of a contract between the Government of Indonesia and the World Bank.

99. As a multi-donor mechanism, the PSF enables donors to provide targeted financial assistance to the government to support PNPM-Mandiri target areas, as well as high-quality, coordinated technical assistance, planning advice and dialogue.

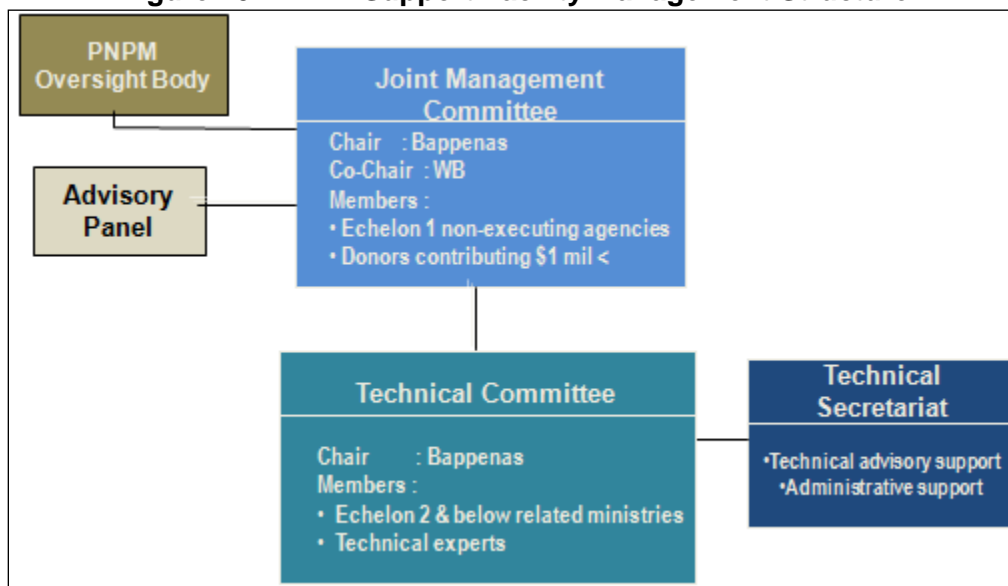
²⁷ PNPM-Rural uses the mechanism of the inter-village account while the other PNPM-Core programs disburse funds directly to individual village bank accounts.

²⁸ In the case of PNPM-Rural, the local official is a regular staff member of the provincial government's Village and Community Empowerment Agency (BPMD), who is the institutional partner of Ministry of Home Affairs (MOHA) (the implementing Ministry of PNPM-Rural) at the provincial level. The other PNPM-Core programs have similar partnership arrangements with local government unit.

²⁹ There is a KPPN office in every provincial and district local government.

³⁰ The provincial government also participates in the recruitment of community facilitators, although qualification criteria and final selection of successful applicants are determined by PNPM-Mandiri.

Figure 10: PNPM Support Facility Management Structure



Source: PowerPoint Presentation on Indonesia's Community Driven Development Program by Ibu Vivi Yulaswati.

100. The PSF is governed by a Joint Management Committee (JMC) whose members include key ministries involved in PNPM-Mandiri and donors³¹ contributing at least \$1-million. The JMC, which is chaired by BAPPENAS and co-chaired by the World Bank, meets yearly to determine priorities and funding commitments and approve projects.

101. The JMC is supported by an Advisory Panel, a Technical Committee (also chaired by BAPPENAS with members from the Government of Indonesia's technical ministries) and a Technical Secretariat that provides technical advisory and administrative support.

102. The PSF has four windows of activities as follows:

- (i) W-1: Direct Budget Support/Cofinancing. This channels donor funds to support PNPM cofinancing programs, including community block grants, training, provision of facilitators, etc. Apart from channeling funds, the PSF is also involved in the appraisal and monitoring of donor loans for the PNPM program.
- (ii) W-2: Coordination and Supervision Support. This provides support to the PNPM Oversight Committee and BAPPENAS – including procurement of facilities and equipment – to increase their capacity for the long-term management of the PNPM.

³¹ Some of the major donor partners of the PSF are Government of Australia, USAID, DFID, DANIDA, CIDA, WB, Netherlands and the European Union.

- (iii) W-3: Technical Assistance to PNPM. This consists primarily of specialized expertise related to monitoring and evaluation, special studies, technical assistance, workshops and administration of comparative study tours to well-defined, relevant programs.
- (iv) W-4: Innovative Activities for Marginalized Groups. Given the high-risk and long-term nature of these pilot initiatives, many of them (but not all) are implemented by civil society organizations and NGOs.

103. Examples of NGO-implemented activities are (i) Support for Female-headed Households, a long-running program that is currently being implemented in nine provinces; and (ii) Green-PNPM, where NGOs take the lead in awareness-building on environment protection and regeneration among poor communities.

104. On the other hand, the Australian Government-supported PNPM-Generasi has been incorporated as a sub-program of PNPM-Rural. PNPM-Generasi provides block grants to communities that are intended to fund activities that support the beneficiaries of the Indonesian government's conditional cash transfer (CCT) program, with a specific focus on school-age children and pregnant women.

K. Lessons Learned and Challenges Facing PNPM-Mandiri³²

105. The following is drawn from the presentation of John Victor Bottini, long-time Team Leader of the Jakarta Office of the World Bank for CDD Programs and currently a consultant for PNPM-Mandiri. The lessons learned and challenges that continue to be faced by PNPM-Mandiri are offered for consideration by the designers of the Philippine KC-NCDDP.

- (i) Avoid “overloading the wagon”, whether through the implementation of numerous pilot activities, burdening community facilitators with silly reporting requirements, allowing too many facilitator positions to remain empty, etc.
- (ii) Avoid talk about “exit strategy” (i.e., from communities) that is not linked to results. It is better to focus on “sustainability”, especially of gains on the ground. Simple improvements should be introduced as needed, based on field evidence, and on the actual results achieved.
- (iii) NGO activities do not substitute for a government CDD program and vice versa.
- (iv) Facilitation assistance for communities is essential. Civil servants play a very important role but they are not usually sufficient for effective facilitation and provision of technical assistance, especially for a CDD program that is operating in many or all villages of a country.
- (v) The challenges faced by PNPM are not simply because of size or scope (i.e., the usual “problems of scaling-up,” but are more an issue of resources and long-term commitment to CDD principles and procedures.
- (vi) Continue to focus on the essentials: funds, trained facilitators, “rules of the game” (especially regarding participation and transparency), Management Information System and intensive supervision, and responding to reports and complaints.
- (vii) It is important to maintain energy level for intensive supervision and for taking timely corrective actions.

³² Bottini, John Victor, From KDP to PNPM: Opportunities and Challenges in Scaling-Up CDD (PowerPoint presentation). November 2012 (unpublished).

- (viii) The risks faced by the Program on Day-1 are mostly still the same risks now - elite capture, limited participation (of men and more especially, women), lack of clear information. These are mostly governance issues mostly.
- (ix) The above risks notwithstanding, continued and increasing attention to technical quality and funds accounting are also required.
- (x) Increasingly, involve local governments in the CDD program and support community-based programs funded by local governments. Find ways to link them up and/or integrate them into the CDD program.
- (xi) In the same vein, it is equally important to better link communities with sectoral interventions and services. Focus on integrating plans and facilitation teams at the local level.
- (xii) When things start to go well, do not forget about women and their priorities, who are 50% of the population. This happens too often! And the entire program suffers. Gender is not simply some donor agenda or some add-on when there is nothing else to worry about.

L. Implications for the Philippines

106. The experience of PNPM-Mandiri has much to offer to the Philippines' current effort to scale-up KALAHI–CIDSS into a national CDD program. Of particular relevance are lessons related to the difficult tasks of determining area coverage and targeting criteria, consolidating the many department-specific versions of CDD activities implemented by different national agencies, harmonizing different program processes and operating mechanisms, amending procurement rules to promote community participation, establishing appropriate financial management arrangements, assigning suitable roles to national and sub-national stakeholders, and monitoring and evaluation mechanisms. Following are five important lessons submitted for the consideration of the Philippine KC-NCDDP design team.

107. **Area Targeting.** For a number of reasons, including the reliability of poverty data, area targeting is a particularly difficult exercise in any national CDD program. In the KC-NCDDP, for example, the targeted municipalities have been identified on the basis of the Small Area Estimates of the NSCB, which is based on poverty data obtained in 2003, some nine years ago. Compounding the problem is the reality that, even among supposedly well-off municipalities, there exist poor villages that would benefit greatly from participation in a national CDD program.

108. Policymakers also tend to use criteria other than poverty in targeting areas for development assistance. A case in point is the 609 priority municipalities of the cabinet-level Human Development and Poverty Reduction Cluster, the principal sponsor of the proposed KC-NCDDP program. The 609 priority municipalities were selected on the basis of a number of criteria, among them, poverty incidence, economic potential, etc.

109. The area targeting mechanism of PNPM-Mandiri may provide a solution to the above targeting difficulties. The PNPM-Mandiri design assumes 100% coverage of all *kecamatan* in Indonesia but differentiates the amount of assistance provided to *kecamatan* on the basis of population and poverty incidence (see Table 1). Using similar criteria adapted to Philippine conditions, it should be possible to differentiate municipalities and the amount of assistance to be provided by the KC-NCDDP. Differentiated assistance to municipalities based on poverty incidence is also consistent with the findings of the recently-concluded Impact Evaluation, which found that KALAHI–CIDSS interventions had greater impact on poorer municipalities.

110. **Length of Support.** KALAHI–CIDSS currently operates on a three-cycle basis where each participating municipality is provided assistance for three funding cycles, or three years. This feature was incorporated into the KALAHI–CIDSS design based on the practice of the Indonesian KDP in 2003. At present, however, PNPM-Rural (and the other PNPM-Mandiri Core Programs) no longer limits its assistance to three cycles. In fact, some KDP-assisted communities have received as many as 10 rounds of funding over the last 13 years. The provision of continued assistance to poor communities is premised on evaluation findings, which have concluded that the significance of impact is directly related to the number of times that the communities have received PNPM-Mandiri funding assistance. Given the Indonesian experience, KALAHI–CIDSS should review its three-cycle policy.

111. **Local Government Counterpart.** By and large, participating LGUs have been able to comply with KALAHI–CIDSS counterpart contribution requirements, although there have been delays in the provision of LGU counterparts on a number of occasions. KALAHI–CIDSS LGUs have also been almost unanimous in their request for lower counterpart contribution requirements.

112. Given the above, KC-NCDDP planners may wish to examine the PNPM-Mandiri system, which differentiates the cost-sharing requirements of local governments based on the poverty incidence in the area and the fiscal capacity of the kabupaten government.

113. One of the important objectives of the NCDDP is to build LGU ownership of the KC-NCDDP. And one of the contentious issues is the control of funds. In this regard, it may be worthwhile for KC-NCDDP planners to examine the current arrangement in Indonesia where the PNPM-Mandiri funds are co-administered by the Program and participating local governments even if the latter do not physically handle the funds.

114. **Common Implementation Strategy.** To be successful, a multi-stakeholder national CDD program requires a common implementation strategy that is based upon agreed-upon principles. In PNPM-Mandiri, stakeholders are committed to a common implementation strategy and the crosscutting value of transparency and good governance.

115. Equally important, however, is the recognition and acceptance of the differences among program actors. In PNPM-Mandiri, for example, not all of the core programs have an open menu of allowable community projects. This is particularly important in the KC-NCDDP where a number of sector departments have very specific mandates and can only fund a narrow band of community projects. The use of competition in the selection of community projects is another area of difference among the four PNPM-Core programs in Indonesia. A similar situation could arise in the Philippines.

116. The preceding highlights the two aspects of consensus-building in a multi-stakeholder undertaking. The first aspect involves a recognition of – and commitment to – the key measures needed to achieve the common objective. The second aspect is recognition of the innate differences among individual stakeholders that do not permit them to assume the same roles. Sustainable consensus requires the examination and resolution of both aspects.

117. **Donor Coordination Mechanism.** KC-NCDDP planners should take a serious look at the PSF with the end-in-view of incorporating a similar facility into the design of the national CDD program. As a donor coordination mechanism, the PSF allows Indonesia to seize the initiative in setting development priorities. Apart from this important role, the PSF also facilitates the rigorous monitoring and evaluation of the PNPM-Mandiri program. It has also found niche roles for civil society, an unresolved issue in KALAHI–CIDSS. Perhaps the most intriguing

feature of the Indonesian PSF is that its operations have been contracted to the World Bank as service provider. The KC-NCDDP review of the PSF should examine the comparative advantages of this arrangement.

118. This report concludes with the following matrix that summarizes the similarities and differences in the design of the PNPM-Mandiri and the KC-NCDDP (as currently proposed). The matrix is presented in the hope that it will further crystallize thinking on the key design features of the KC-NCDDP.

Table 2: Listing of PNPM-Mandiri and KC-NCDDP Design Features

Design Feature	PNPM-Mandiri	KC-NCDDP
<i>Development objective</i>	To improve the welfare of poor communities.	To reduce poverty in the poorest areas of the Philippines
<i>Area Coverage</i>	covers approximately 76 percent of Indonesia's sub-districts, approximately 5,070 rural sub-districts.	The KC-NCDDP proposes to use Small Area Estimates of poverty to target the municipalities with poverty incidence higher than the 2009 national average of 26.5%. Under this criterion, 900 municipalities, 63 provinces, 15 regions will be covered. All barangays in the municipality will be included in the project.
<i>Executing Agency</i>	<ul style="list-style-type: none"> • BAPPENAS – overall planning and budgeting, monitoring and evaluation • Menko Kesra – coordination of implementation • Ministry of Finance – financial administration 	Program oversight is performed by the Human Development and Poverty Reduction Cluster (HDPRC) ³³ composed of ten cabinet members and chaired by the Secretary of DSWD.
<i>Implementing Agency(ies)</i>	Ministries of Public Works and Home Affairs – as the two host ministries of the four PNPM-Core programs. Each core program has its own Project Management Office (PMO) staffed by project consultants.	The government has adopted CDD as a national program, with DSWD as the lead responsible agency supported by other NGAs to ensure complementation and avoid competition and disparate investment planning and program implementation. The National Inter-Agency Preparation and Implementation Team (NIAPIT) acts as the inter-agency technical coordination unit to address technical assistance needed by the program.
<i>Sources of funding</i>	<ul style="list-style-type: none"> • Multilateral and bilateral development partners (World Bank as majority donor) • Indonesian central government • Local governments (province and district) • Communities 	<ul style="list-style-type: none"> • Multilateral and bilateral development partners • Philippine national government • Budgets of participating GOP national agencies • Local governments (provincial, municipal and barangay) • Communities • Others (e.g. Congress representatives)
<i>Donor</i>	PNPM Support Facility (PSF)	A National Steering Committee (made up

³³ The Cluster is chaired by DSWD and includes the Departments of Agriculture, Education, Agrarian Reform, Health, Labor and Employment, and Interior and Local Government as well as the Housing and Urban Development Coordinating Council and the National Anti-Poverty Commission.

Design Feature	PNPM-Mandiri	KC-NCDDP
<i>Coordination Mechanism</i>		of undersecretaries of the NGAs involved in the program as well as CSO representatives) acts as the main coordinating and technical oversight unit.
<i>Governance and oversight arrangements</i>	<ul style="list-style-type: none"> • <u>National</u>. The PNPM Mandiri Oversight Body – an inter-ministerial coordinating committee chaired by Menko Kesra and under the supervision of the Indonesian vice president – provides policy directives, guidance, and managerial oversight to the PNPM Mandiri Oversight Body makes final decisions on the sub-district assignments of the four PNPM-Core Programs, decides on budget allocations and deals with the big issues, e.g., difficulties in local government cost-sharing contributions, etc. • <u>Sub-national</u>. Provincial and Kabupaten/City Coordination Teams chaired by provincial governors and district heads, respectively, whose composition mirror the national PNPM-Mandiri Oversight Body. These teams are mainly engaged in coordination, monitoring and resolution of implementation problems. 	<ul style="list-style-type: none"> • <u>National</u>. Program oversight is performed by the Human Development and Poverty Reduction Cluster (HDPRC)³⁴ composed of ten cabinet members and chaired by the Secretary of DSWD. • <u>Provincial</u>. A sub-committee (with expanded membership) of the Provincial Development Committee (PDC) chaired by the governor. • <u>Municipal (2 entities)</u>: (a) Municipal Development Council (MDC) with membership expanded to include barangay representatives for planning, resource allocation and conflict resolution; (b) Municipal Inter-Agency Committee (MIAC) – with membership consisting of LGU heads and representatives of participating national agencies – to provide technical assistance. • <u>Barangay</u>. Barangay Development Council (BDC) with membership expanded to include representatives of sectoral and membership-based groups.
<i>Field implementation arrangements</i>	<ul style="list-style-type: none"> • Each PNPM-Core program has its own field structure that is responsible for implementation within its assigned area. A typical field structure would include professional staff deployed at the provincial, district and <i>kecamatan</i> levels. • Village-level implementation is led by groups of residents who have been assigned specific tasks, e.g., social mapping, procurement, construction, audit, operations and maintenance, etc. 	<p><u>At the national levels</u>, KC-NCDDP implementation will be managed by a mainstreamed Program Management Office (PMO), headed by DSWD officials who are assisted by core organic staff from the department and contractual staff hired to fill strategic gaps.</p> <p><u>At the regional level</u>, the KC-NCDDP shall enhance engagement through existing mechanisms for inter-agency coordination, such as the Regional KALAHÍ–CIDSS Convergence Groups, in support of field-level implementation. Under the KC-NCDDP, increasing the number of covered municipalities creates tremendous potential for provincial poverty reduction impact. Clearly, there will be benefits from the establishment of inter-municipal/provincial level coordination mechanisms. In addition, there are opportunities for inter-provincial</p>

³⁴ The Cluster is chaired by DSWD and includes the Departments of Agriculture, Agrarian Reform, Health, Labor and Employment, and Interior and Local Government as well as the Housing and Urban Development Coordinating Council and the National Anti-Poverty Commission.

Design Feature	PNPM-Mandiri	KC-NCDDP
		<p>coordination in certain regions where all the provinces have municipalities involved in KC-NCDDP.</p> <ul style="list-style-type: none"> • <u>Village-level</u> implementation to be led by residents' groups assigned to specific tasks.
<i>Local CDD Implementation Modality</i>	<ul style="list-style-type: none"> • Led by PNPM-Core program • LGU replication implemented with varying degrees of integration with PNPM-Core program operating in the area. 	<p>KC-NCDDP municipalities that shall have completed at least 4 funding cycles will transition from (i) "LGU-led and DSWD supported municipalities" into (ii) "LGU-led and inter-agency supported municipalities" (aka graduates) in a different government initiative called grassroots participatory budgeting process (formerly Bottom-Up Budgeting or BUB).</p>
<i>Community facilitation processes</i>	<p>PNPM-Mandiri Community Empowerment Cycle (8 steps)</p>	<p>Likely option is a modified KALAHÍ-CIDSS Community Empowerment Activity Cycle (CEAC) that incorporates best practices of other frontline national departments.</p>
<i>Length of funding support</i>	<p>Indefinite or as long as needed (original PNPM guideline was three funding cycles)</p>	<p>KC-NCDDP municipalities that shall have completed at least 4 funding cycles will transition from (i) "LGU-led and DSWD supported municipalities" into (ii) "LGU-led and inter-agency supported municipalities" in a different government initiative called grassroots participatory budgeting process (formerly Bottom-Up Budgeting or BUB).</p>
<i>Funding allocation for community projects</i>	<p><i>Kecamatan</i> block grant per cycle computed on the basis of location, population and poverty incidence. The funding allocation ranges from \$55,000 - \$333,000.</p>	<p>Investment grants are based on a formula using population size and poverty rates: (i) municipalities where the poverty incidence is over 60% will receive a grant of approximately \$15 per capita; (ii) municipalities with poverty incidence of 40% to 60% get a per capita allocation of \$12.50; (iii) municipalities with poverty incidence below 40% get a per capita allocation of \$7. Total annual municipal grants are capped at \$480,000.</p>
<i>Selection mechanism for community projects</i>	<p>Depends on PNPM-Core Program. PNPM-Rural uses competitive selection to determine village projects to be supported. Others identify the villages to be assisted and initiate a planning-cum-selection process to select the priority projects of the identified villages.</p>	<p>Priority projects may vary from village to village, depending on the most pressing need. The municipal forum prioritizes projects for financing, given the budget envelope for each municipality and the locally formulated poverty criteria.</p>
<i>Funding ceiling for community projects</i>	<p>Theoretical funding ceiling for a single community project is the amount of the <i>kecamatan</i> block grant.</p>	<p>Theoretical funding ceiling for a single community project is the amount of the municipal block grant.</p>
<i>Local Counterpart requirement</i>	<ul style="list-style-type: none"> • LGU. Depends on how the district is classified based on the two criteria 	<p>The KC-NCDDP shall require municipalities and communities to put up</p>

Design Feature	PNPM-Mandiri	KC-NCDDP
	of <i>fiscal capacity</i> and <i>poverty incidence</i> . Contribution can amount to 5%, 10%, 15% or 20% of total <i>kecamatan</i> grant depending on district classification.	local counterpart contributions (LCC), which is 30% based on experience of the current DSWD KALAHİ–CIDSS project. The KC-NCDDP will keep this LCC rule as much as possible, but also presently recognizes that very poor municipalities with low resources still find the said level of LCC as steep. ³⁵ Moreover... the current required level of LCC at 30% may need to be reviewed.
<i>Funds transfer arrangements</i>	Direct transfer of funds to village bank accounts.	Direct transfer of funds from DSWD Regional Offices to village bank accounts.
<i>Implementation of village projects</i>	Implementation of village projects led and managed by village teams.	Implementation by village teams (KALAHİ–CIDSS -1 procedures)
<i>Subproject types (top 5)</i>	<ul style="list-style-type: none"> • Transportation (50%) • Health (15%) • Economy (13%) • Education (13%) • Agriculture (3%) 	<ul style="list-style-type: none"> • Rural road access (21%) • Water supply system (20%) • School building (12%) • Daycare centers (8%) • Village Health stations (8%)
<i>Efficiency and effectiveness of subproject types</i>	<p>Cost Savings Arising from the Use of CDD</p> <ul style="list-style-type: none"> • Road and Bridge 32% • Water supply system 36% <p>Extensive quantitative evaluations conducted on the <i>Kecamatan</i> Development Program (KDP) – the main predecessor of PNPM Mandiri – report that village infrastructure projects supported by the KDP have an average economic internal rate of return of more than 50%, well above other non-CDD rural infrastructure projects implemented in similar geographic areas of Indonesia.</p>	<p>Cost Savings Arising from the Use of CDD</p> <ul style="list-style-type: none"> • Road and Bridge 8–59% • Water supply system 71–76% • Classroom 7% • Daycare center (20%) • Health station 44% <p>CDD subprojects yielded economic internal rates of return (EIRRs) that range from 16% to 65% or an overall EIRR of 21%, which are above the hurdle rate of 15% set by the National Economic and Development Authority;</p>
<i>Monitoring and evaluation</i>	<ul style="list-style-type: none"> • Common set of M&E indicators to facilitate monitoring of implementation across all PNPM-Core programs. • An interactive management information system that enables the central database to interact with the existing databases of the PNPM-Core programs. 	DSWD internal KC-NCDDP M&E indicators which is shared with ADB and WB.

³⁵ The LCC requirement will be revisited and possibly relaxed

ANNEX 1: LIST OF INDONESIAN PROJECTS WITH CDD CHARACTERISTICS FUNDED BY ADB

Project Name	Date	Amount (\$ million)	Key Community-Driven Development Feature	CDD Features				
				Community Focus	Planning & Decision Making	Resource Control	Implementation	M&E
LOANS								
Nutrition Improvement through Community Improvement	31 August 2007	50.00	Block grants to communities to plan and implement nutrition projects. Direct funds flow to community accounts.	Yes	Yes	Yes	Yes	Yes
Sustainable Aquaculture Development for Food Security and Poverty Reduction	12 December 2006	33.30	Communities participate in identifying subprojects.	Yes	Yes	Yes	Yes	No
Madrasah Education Development	15 December 2006	50.00	Block grants to Madrasah committees to finance investments. Community participates in M&E.	Yes	Yes	Yes	Yes	Yes
Rural Infrastructure Support	19 December 2005	50.00	Use of community accounts. Community accountability systems in fund management.	Yes	Yes	Yes	Yes	Yes
Community Water Services and Health	7 April 2005	34.10	Community implementation teams conduct desa mapping and community action planning.	Yes	Yes	Yes	Yes	Yes
Participatory Irrigation Sector	19 December 2003	19.00	Water users' associations undertake participatory rural appraisal and formulate irrigation management plans	Yes	Yes	Yes	Yes	Yes
Neighborhood Upgrading and Shelter Sector	6 December 2002	68.60	Building of community infrastructure identified through community planning. Community savings	Yes	Yes	Yes	Yes	No

Project Name	Date	Amount (\$ million)	Key Community-Driven Development Feature	CDD Features				
				Community Focus	Planning & Decision Making	Resource Control	Implementation	M&E
			and loan groups channel loans to beneficiaries.					
Coral Reef Rehabilitation and Management Phase II	6 December 2002	33.00	Community mobilization, selection, planning, and implementation of resource management and livelihood projects. Community involvement in M&E, and there is open menu of subprojects.	Yes	Yes	No	Yes	Yes
Poor Farmers' Income Improvement through Innovation	15 August 2002	56.00	Participatory planning to identify public investments. Desa committee establishes and operates bank account for approved investments	Yes	Yes	Yes	Yes	Yes
Decentralized Basic Education	29 November 2001	100.00	Communities involved in procurement, planning, and monitoring subprojects. Community manages rehabilitation of school facilities. Block grants used.	Yes	Yes	Yes	Yes	Yes
GRANTS								
Sustainable Livelihood Development for Coastal Communities in the Special Province of Nanggroe Aceh Darussalam (NAD)	6 September 2005	2.50	Community involvement in procurement. Community identification and implementation of livelihood projects.	Yes	Yes	Yes	Yes	No
Rehabilitation of Coral Reef and Mangrove Resources in the Special Province of Nanggroe Aceh Darussalam (NAD)	6 September 2005	1.50	Community organizing for coastal resource planning.	Yes	Yes	Yes	Yes	No
Earthquake and Tsunami Emergency Support	7 April 2005	10.00 Asian Tsunami Fund (ATF)	Communities design and implement subprojects. Community procurement.	Yes	Yes	No	Yes	No
Sustainable	15	1.50	Provision of	Yes	Yes	No	Yes	No

Project Name	Date	Amount (\$ million)	Key Community-Driven Development Feature	CDD Features				
				Community Focus	Planning & Decision Making	Resource Control	Implementation	M&E
Livelihood Development for the Poor Coastal and Small Island Communities	November 2005		assistance to households identified during community planning.					
Community Based Basic Education for the Poor	1 October 2001	3.20	Community participation in selection and implementation of subprojects. Revolving funds and block grants to school accounts	Yes	Yes	Yes	Yes	Yes

M&E = monitoring and evaluation