SUPPLEMENTARY DOCUMENT 7:
THE INDONESIAN PROGRAM NASIONAL PEMBERDAYAAN MASYARAKAT MANDIRI: LESSONS FOR THE PHILIPPINE DISASTER RISK MANAGEMENT

1. During natural disasters the Community Driven-Development (CDD) mechanism has been used internationally to help governments provide an informed, coordinated, accelerated, and scaled response to meet community needs. By leveraging the project's network of facilitators and volunteers, governments can quickly rehabilitate infrastructure and replace equipment cost-effectively. This can be done in parallel across thousands of communities.

2. The communities themselves map and prioritize their immediate needs and inform all levels of government and donors through project information systems. Disbursements can be accelerated without compromising the project's robust fiduciary controls and principles of participation and good governance. In addition, agencies and donors can course additional funds through the KALAHI–CIDSS National Community Driven-Development Project (KC-NCDDP) mechanism to meet increased community needs more quickly. Manuals describing appropriate procedures, management controls, and trainings, can be prepared in advance so that the program can quickly respond to community needs.

3. As seen from the experience in Aceh and in other disasters in Indonesia over 2004–2010,[1] CDD provides the ideal structures for the recovery phase after an emergency.

(i) The existing pool of facilitators provides the capacity needed by afflicted local governments for rapid needs assessment.
(ii) Areas that have undergone CDD have the social capital to manage recovery activities. They are already well-trained in social mapping, and this can be applied to reconstruction.
(iii) In contrast to the top-down mode, the open menu of CDD allows for greater flexibility in the subprojects needed by communities.
(iv) The CDD areas have the mechanisms for rapid disbursement of pooled resources.
(v) The said areas have installed systems for financial management, procurement, transparency and accountability.

4. Experiences from the Aceh-Nias post-tsunami assistance implementation highlight additional lessons, which include (i) information dissemination on reconstruction plans is needed to manage expectations and for transparency; (ii) central government priorities in reconstruction and rehabilitation need to be coordinated with CDD planning and priority-setting; and (iii) monitoring and evaluation are critical but a simple reporting system is also needed. Moreover, CDD approaches should include information dissemination as one of its steps, institutional mechanisms for coordinating multiple stakeholders nationally and locally, and articulated monitoring and evaluation (M&E) system.

5. The greatest contribution of the use of CDD is the longer term impact of transforming local communities from victims into active agents of their own recovery. However, emergencies require certain changes in the CDD process.

(i) Decision-making must be accelerated, and participatory steps should be simplified. Shorten the village consultation and assessment phase.
(ii) Without compromising on transparency and accountability, the process must

[1] Aceh Tsunami in December 2004, North Sumatra and Aceh earthquake in March 2005, Java earthquake May 2006, Java tsunami in July 2006West and Mt. Merapi eruption in October 2010.

speed up the delivery of funds. The number of tranches should be cut.

(iii) The process must be open to a wider menu of subprojects which directly respond to the disaster.

(iv) Allow for an increase in the grant ceilings. Block grants can be increased to take account of post-disaster inflation.

(v) Strengthen coordination and administration systems to handle the scaling up of operations. Hire additional staff, relocate experienced program managers.

6. CDD in Indonesia. There are many CDD lessons that can be drawn from the post-tsunami experience in Aceh, Indonesia 2005 to 2008.[2] Indonesia is an Asian leader in CDD, and the region can learn from its Program Nasional Pemberdayaan Masyarakat or PNPM-Mandiri (National Program for Community Empowerment), the largest CDD program in the world.[3]

7. The reach of PNPM-Mandiri is extensive: it covers more than 30 provinces and serves around 68,000 villages. The average economic internal rate of return ranges from 28% to 68% for the subprojects. Construction of the village infrastructure is cheaper by 40% compared to conventional projects. The projects have generated employment of 72 million workdays. Evaluations of the program have found that the community projects show creditable cost recovery and operations and maintenance. The targeting methods ensure that the benefits really flow to the poor.

8. PNPM-Mandiri programs have five attributes:

(i) The community selects village sub-projects based on the local needs they have identified.

(ii) Block grants are directly transferred to community bank accounts sitting in banks chartered by the government.

(iii) Community facilitators are recruited and deployed to provide information, to promote participation, and to train the villagers.

(iv) Engineers are recruited and deployed to train the communities and oversee the technical quality of the sub-projects.

(v) The village manages the funds, including bookkeeping, procurement, and reporting information.

9. Funds are directly transferred from the National Treasury Office in Jakarta to collectives of inter-village community bank accounts. The funds flow from the collective accounts to village committees for the construction of the infrastructure projects. The money is sent by tranches of 40-40-20 percent. An Activity Financial Management Team, consisting of village residents, handles the collective account. PNPM-Mandiri, provides block grants of $20,000 to its communities.

10. The PNPM-Mandiri's Management Information System or SIMPADU-PNPM integrates information geographically for each district and province and as regards the implementation of the PNPM core programs. It runs on the existing systems that serve the core programs. That is, each of these programs sends updates to the central data warehouse, and the common software enables the databases to engage each other. The central system in turn displays the resulting data. Viewers can see both the numbers and the graphs.

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[2] Earth Systems Laos. 2012. *Options Paper for the World Bank on Gender Sensitive DRM in the Philippines (draft)*

[3] R. Gonzalez. 2012. *The Indonesian PNPM–Mandiri Program: Lessons for Philippine Community-Driven Development*. Manila: ADB

11. **CDD adjustments for disasters.** After the Aceh disaster during the 2004 Asian tsunami, the PNPM-Mandiri crafted a wide-ranging set of procedures to rapidly support recovery. The operations manual was modified to accelerate planning and widen the menu of subprojects as to address the emergency. The declaration of a State of Emergency triggers these new procedures.

12. The village consultation and assessment phase was shortened. This used to take 4–5 months, but after the tsunami it lasted only 1–2 months. The usual participatory social analysis approach also gave way to the faster "damages and loss assessment."

13. Coordination and administration systems were strengthened to handle the scaling up of operations. PNPM-Mandiri hired additional staff like facilitators to help those already deployed on field. It expanded its corps of data managers, data collectors, data disseminators. It coordinated its work with the nongovernment organization community and simplified its procurement.

14. PNPM-Mandiri raised the grant ceilings and allocated more funding into the afflicted areas. Aceh and other tsunami-hit areas benefitted from this. The communities damaged by the tsunami tended to have extra funds left in their community accounts that they had not yet disbursed. PNPM-Mandiri allowed them to allot 25% of these leftover funds for needs that they judged as urgent. "Procurement packets" listed in detail the items that were allowed to be bought, and funds were dispensed to the needy.

15. Aside from getting their first allocation of Social Funds, the villages were likewise allowed to allocate another 25% of their next round of subproject grants to their Social Fund if some families were still in need. This privilege was extended to new villages that entered the program but were also affected by the tsunami.

16. **CDD disaster response application in the Philippines.** Replicating features of PNPM-Mandiri, NCDDP can provide the platform and infrastructure for the following disaster response mechanisms: (i) delivery of direct cash transfers; (ii) barangay/community level infrastructure recovery; (iii) assistance in disaster response coordination; (iv) scaling block grants from the national government; (v) adjusting CDD design to speed up CDD response; (vi) facilitating donor coordination; and, (vii) accelerating local economic recovery.[4]

17. **CDD can deliver cash transfers** relatively quickly to purchase basic household necessities for the most needy in remote communities. This can be based on the needs list generated by the barangay council/ assembly, supported by the NCDDP area coordinating teams and facilitators.

18. **Village level infrastructure recovery.** CDD is an excellent mechanism for short to medium term rehabilitation of damaged village infrastructure, and for building replacements or new village infrastructure. It will also prevent surrounding areas less hit by the calamity from being swamped with internally-displaced people, or from being burdened by post-disaster inflation. Such an influx would otherwise require extra funding to address it.

19. **Assists Disaster Response Coordination.** Local governments are often overwhelmed, paralyzed, and slow to react to post-disaster conditions on the ground. Through a CDD

[4] This section covers recommendations of Peter Wrathall.

approach, communities can more quickly and accurately assess damage. They can prioritize rehabilitation and replacement, according to their intimate knowledge of their barangay needs.

20. With CDD, information flows more quickly to the central disaster response coordinating agency through rapid community mapping of disaster impacts. Based on sub-projects selected by the community to meet their needs, the central government or coordination agency can then target the unfunded gaps on the barangay needs lists.

21. **Scalable.** With CDD systems, procedures, and funds flow mechanisms in place, national and local governments can increase dramatically the allocation of block grants as part of disaster response. Block grants can be increased to take account of post-disaster inflation.

22. **Adjust design to speed up CDD response.** Emergency funds allocated by the central government can be paid directly into a Special Account for disbursement in tranches adjusted to reflect needs on the ground. Every barangay gets an allocation, for they all need it.

23. NPMO and RPMO can relocate experienced program managers and facilitators to speed up the process – socialization, needs identification and prioritization, preparation of subproject proposals, and actual implementation. There can be fast cash transfers to buy immediate goods for barangays, e.g., water pumps, generators, etc. An open menu can be adjusted to ensure immediate response to basic human needs like water, sanitation, shelter, health, education, and economic activity. The preparation cycle may be shortened to accelerate and scale up response.

24. **Accelerates local level economic recovery** as funds are spent locally to purchase replacement goods and equipment. CDD disaster reduction management addresses villagers' unemployment and lost economic activity with income opportunities; they can be paid to rebuild their infrastructure.