

Title of proposal: Community Recovery through the Kecamatan Development Project

Project Proponent and Proposed Implementing Agency: Department of Community Development, Ministry of Home Affairs

Objectives (designated goals/outcomes)¹

The primary objective of this program is to provide block grant funding to support reconstruction in a large number of affected villages. The secondary objective is to support the development of a community-based development planning and management program. Achieving these two objectives will reduce poverty, promote participation, and improve the quality of local governance in Aceh.

Link with Indonesia Disaster-Related Recovery Program

KDP is designated to be one of the key recovery vehicles for the Aceh/SumUt recovery program. The project already operated in approximately 45% of the kecamatanans affected by the tsunami. In January, 2005, the governor of Aceh and the head of Satkorlak issued a letter instructing KDP to become focal points for community recovery. By early March, some 250 kecamatan facilitators had been trained and deployed. GOI has now instructed KDP to scale-up to cover the entire province.

Expected Results (output)²

Results from this two-year program are expected to be as follows:

- (i) Full restoration of all community-based infrastructure in approximately 200 kecamatanans (approx. 2,500-3,000 villages). Budget calculations are based on a comprehensive village infrastructure assessment carried out in February and March, 2005 but precise numbers will vary depending on how many villages are reconstructed, combined, moved, etc. The reconstruction will cover tertiary roads, culverts, and bridges; water supplies; village school buildings, community assembly halls, and village offices; water supplies and drainage; and local marketplaces.
- (ii) Approximately 570,000-1,800,000 man-days of minimum wage labor using a 10-30% portion for wages on 75% of block grants;
- (iii) Recapitalization of approximately 4,000-6,000 micro-enterprises among the very poor;
- (iv) 118,000 villagers trained in development planning and management.

KDP also provides an important short-term benefit. Because it has a pre-existing structure in place, it will be able to start disbursing funds to a large number of communities – at least 1,000 -- as soon as they are approved. GOI has already authorized a special Aceh reconstruction manual for KDP that expands the range of eligible activities and compresses the planning cycle. The planning and disbursement structure can begin to disburse the funds directly to villages as soon as they are released from the budget.

¹ Designated goals (outcome) are generally multi-year, and the implementing organization usually has a direct (though not complete) influence over them. Designated goals can help to achieve targets defined in the recovery program. Results must be achieved before the activity is completed and their attainment must lie within the capability of the implementing organization. Results are linked to the attainment of the designated goals.

Description of Main Activities³

Main activities to be funded are:

- (i) block grants to tsunami affected kecamatans (\$42.9 million) -- These consist of unarmarked block grants that are transferred directly to communities for investing in village development. Planning begins in the hamlets and villages but allocations take place in kecamatans, where the project maintains a financial management unit to keep records and to provide oversight. With the exception of a small negative list that prohibits items such as weapons, civil servant salaries, and environmentally destructive activities, menus are open. The majority of investments typically go for basic economic infrastructure, particularly farm-to-market roads, water supply, and irrigation, but there are also significant investments in education.

A number of special provisions to the basic KDP framework have been introduced to support the Aceh and North Sumatra reconstruction work. First, grant sizes for the affected areas are adjusted to match estimated damage impacts. Kecamatans in the tsunami zone will receive cycles of 4, 3, 2, and 1 billion rupiah over the two year reconstruction period (1 billion is the standard, sustainable allocation for KDP) based on the kecamatan damage impact scale developed by KDP during its field survey. Second, during the emergency phase, a maximum of 25% of the grant can be used as a "social fund" whose purposes are to provide micro-grants to highly vulnerable groups, and to recapitalize microenterprises destroyed by the tsunami; in subsequent cycles, a maximum of 20% can go to women's revolving funds. Third, the planning cycle has been compressed into emergency, short term reconstruction, and sustainable planning cycles. The emergency cycle is for immediate use. During the emergency cycle, villages make their own individual assessments and no kecamatan decision meetings are required. Subsequent cycles do require more planning and technical review, though they are still highly compressed, since they should start leading communities back to more normal recovery.
- (ii) planning grants to tsunami affected kecamatans (\$1.7 million) -- These are small, pre-investment grants transferred to communities to cover the costs of technical and social facilitation by candidates (one man and one woman) proposed by the village and trained by the project; socialization meetings; dissemination materials, and, where justified, small travel grants so that poor villagers can attend planning meetings.
- (iii) social and technical facilitators (\$7.2 million) -- Technical support for KDP comes from a tiered program of consultant facilitators, all of whom are Acehnese. A regional management unit in the province includes operations support, training, and a monitoring/complaints management unit. Each district includes a technical and social facilitator, and for Aceh, a small dissemination unit that supports government-NGO partnerships. Each kecamatan also has a technical and social facilitator whose job is to train and supervise village facilitators, provide technical support and advice for larger infrastructure proposals, and ensure that records are properly managed.

³ Activities are tasks that must be implemented to achieve the results described above. Describe the activities in general terms (by categorizing them) in relation to the results.

- (iv) capacity programs for village and kecamatan management units (\$2.9 million) - This activity covers training for kecamatan and village governance units. Typical programs include village cross-audits, village visioning exercises, training in book-keeping, procurement, and technical assessments, and basic social mapping exercises. However, in the Aceh context these programs can be expanded to take advantage of the skills available from high quality NGOs experienced in community development training.
- (v) monitoring and evaluation (\$0.5 million) - Covers the costs of NGO and journalist monitoring; commissioned baseline and impact surveys, and qualitative case studies.

Monitoring arrangements and indicators for outcomes

KDP has a robust monitoring program that includes internal and external monitoring. KDP's internal monitoring system includes:

- A computerized management information system – KDP maintains a master database that records progress on planning and works, levels and types of participation, complaints and their resolution, and end result evaluations;
- Grievance and complaints resolution mechanism – Communities can direct their questions or complaints to KDP facilitators, government staff, NGOs or send inquiries directly to a PO Box. KDP maintains a complaints handling unit at the national and provincial levels to record and follow up on inquiries and complaints.
- Financial management oversight – The national KDP team includes a seven person financial unit that provides on-site supervision and training to improve the quality of local record-keeping.
- Supervision by consultants.

External Monitoring.

- Community participatory monitoring – The most effective means of monitoring is through beneficiary communities who elect a monitoring committee to oversee project implementation and finances. Committee members check on prices, quotations, supply of goods, benefits to the community, financial book-keeping and progress of infrastructure implementation. The implementation team also reports to the communities twice in “accountability meetings” regarding project progress and finances. KDP requires project information to be posted on village information boards.
- KDP is routinely audited by BPKP. It has received supplemental audits from Price Waterhouse and Moores Rowland. For Aceh, the standard 2.5% audit sample will be increased to 5%. The revised audit manual for Aceh includes direct feedback to village and kecamatan assemblies on the findings from BPKP audits.
- Independent civil society monitoring – KDP maintains a contract with a competitively selected Acehnese NGO, Pugar, to monitor regularly KDP activities and report monthly on progress. Journalists are also invited to monitor the program.

KDP has already accumulated a large body of evaluation information in both Indonesian and English that is online and can also be made available to the MDTF committee. These evaluations include:

- (i) NGO evaluation reports
- (ii) economic and financial returns to KDP investments in poor villages
- (iii) studies on participation by women and the poor
- (iv) reviews of grievance resolution and accusations of corruption in KDP (special studies, audits, etc)
- (v) environmental and technical reviews

Name of authorized representative and Indonesian organization that endorsed proposal

This proposal is endorsed by the Director of Community Empowerment and Institutions, Dept. of Community Development, Ministry of Home Affairs, and by the Deputy for Regional and Local Planning, Bappenas.

Estimated Costs

Total estimated costs for the full three year program are \$US110 million. However, this includes all kecamatans in Aceh, not just those in the tsunami impact area. In this proposal, the 127 kecamatans that did not have direct impacts from the tsunami but which took in IDPs or face other, post-conflict development problems only receive a standard Rps. 1 billion allocation. The budget also assumes that the majority of shelter programs will be funded by NGOs and other specialized agencies.

Level of damage	Number of kecamatans	Billions of Rupiah for 2 yrs.	Total funds (rps. Billion)
Heavy	43	4	172
Medium	20	3	60
Light	10	2	20
Indirect	127	1	127

US equivalent = \$42.1 million

Cost breakdown (means): Cost breakdown is as follows:

Item	Cost (\$million)	% of total
Block grants	42.1	78.0
Planning grants	1.7	3.0
Capacity development	2.9	5.2
Facilitators	7.2	13.0
Monitoring and Evaluation	0.5	0.8
Total	54.4	100.0

Trust Fund contribution sought

\$US54.4 million is requested from the MDTF

Other financing. KDP's additional funding sources for the Aceh program include:

- (i) US\$15 million already committed by GOI;
- (ii) US\$8 million from DFD;
- (iii) US\$5 million from Canada

Pilot cooperation programs are being developed with Habitat-UNDP, and several international NGOs.

Existing or planned activities in same sector by other agencies and proposed coordination

Global experience and experience elsewhere in Indonesia shows that multisectoral village development programs can deal with local level coordination challenges effectively provided that they have sufficient information about sectoral investment plans. The reason is that villages can adjust their own preferences to take into account funding sources from elsewhere.

To promote this type of demand-driven coordination, the Ministry of Home Affairs has established provincial and kabupaten working groups whose job is to provide a forum for sharing information about local recovery plans. Oxfam, Care, World Vision, PCI are part of these mechanisms, and there is a growing consensus that a consolidated village planning process supported by various donors will be the most efficient way to work at the village level.

KDP already coordinates closely with the large government recovery programs, particularly the DB's water supply projects and the WB-assisted Urban Poverty Project; in the former case, mechanisms are being developed to pool facilitators, whereas in the latter there will be a division of labor to reflect the somewhat different requirements of rural versus urban reconstruction.

Approved allocation from the Trust Fund

Other specific approvals, if required

Expected disbursement

	FY05	FY06	FY07	FY08	FY09
	16.4	38			

Decision of Steering Committee

Approve

Reject

Hold

Comments of Steering Committee