



Steering Committee Meeting No. 15

Minutes of Meeting

Thursday, December 6, 2007

2:00pm – 4.30 pm

World Bank Office Jakarta, Bromo Meeting Rooms, 13th Floor

Summary

1. Main Conclusions:

The Steering Committee endorsed all three project concept notes presented at the meeting -- Aceh Government Transformation Program, Support to Transition in Aceh and Nias (i.e. TA to BRR Phase II), and Sustainable Recovery of Livelihoods.

2. Main Comments and Recommendations to be Addressed in Project Preparation:

The Committee highlighted strongly that the team preparing the project should address the following comments and those discussed at the Technical Review phase in the Project Appraisal Document/Project Document (PAD/PD):

a. Aceh Government Transformation Program:

- **The scope and size of TA needs** to be better explained and supported based on analysis of gaps, results achieved by on-going programs and remaining needs; so far, supply side has been focused, demand side needs to be strengthened. The role of existing TAs funded by other programs and TAs under this project should be well clarified and coordinated.
- **Coordination between local governments** should be well thought out; project teams (AGTP and BRR) should work closely to plan activities to support this. It is important to consider the role of project in coordinating local government capacity building (especially related to BRR, the LGWG, among others).
- A link to the transition (TA to BRR) project should be further developed.
- **TA component: definition of capacity building and steps on how** knowledge transfer can be done, not just providing technical assistance for current tasks but to also explicitly target and link to building capacity of civil service staff.
- **Outline long term funding plan**, beyond project duration to ensure sustainability
- **Gender balance in activities** to be addressed
- How the program would be able to tap/link with the needs of communities
- **Delineate TA recruitment process** to ensure quality and transparency
- Role of the legal team more clearly articulated – will need to consult and coordinate with other agencies working in this area to avoid overlap (i.e. ALGAP)

b. Support to Transition in Aceh and Nias (TA to BRR Phase II):

- **Ensure coordination and linkage with AGTP**, national government agency/ies, IREP/IRFF and other programs; division of activities between AGTP and this project should be clearly articulated for capacity development and asset transfer
- **Make the case as to why environmental assessments will be done under this project**, why now, and for which projects; address the purpose of these EIAs, ie how they will affect project design and contracts given that some will be carried out retroactively;
- **Link between project and the line ministries and local government**; and hand-over counterpart

- **Include: strengthened gender balance, civil society involvement, knowledge transfer process** (clause in contract with LG counterpart)
- Provide clear/detail explanation of the IT and communication needs; and review whether a US\$ 800,000 communication component is needed, can be justified, ie target audience and content – since this project relates to mainly technical and internal issues; otherwise to be removed
- Provide clear link to dependent actors (such as GoI Ministries, IREP, AGTP, etc.)
- Review overall budget based on all comments discussed.

c. **Sustainable Recovery of Livelihoods:**

- **Scope of activities proposed is too wide; too many crops/products targeted.** – concern was expressed on the focus of activities (breadth and depth). Project team should have the local technical expertise on types of crops targeted and recommended appropriate strategy and scope
- Where does the project lie in terms of an overall strategy to rehabilitate livelihoods in Aceh
- Provide more technical details/processes, including on how to engage with communities and how farmers will provide input
- Link to current spatial planning efforts (e.g. ADB & AFEP) should be explored
- Include a process on cost-benefit analysis (similar to EDFD)

2. Secretariat Comments

- **Two Technical Review Meetings will be held for each PAD/PD** discussed at this meeting to ensure comments raised at this meeting and Technical Review Meetings are addressed and effective coordination between the AGTP and TA to BRR projects is reflected in project design.
- **On the MDF Extension, the Secretariat will send a letter to the Donors** inviting to confirm support on the proposed extension of the closing date of the MDF from June 2010 to December, 2012.
- **The next Steering Committee Meeting will be held on December 18 at 2pm.** Co-Chairs are requested to attend the public report launch at 12.30 pm, prior to the Steering Committee meeting..

PART A: Introduction

1. Welcome by MDF Co-Chair, Mr. Joachim von Amsberg, Country Director of the World Bank

- Welcomed everyone to the meeting and conveyed that he was glad to see many members are present.
- Emphasized the agenda is appropriately focused on the transition of reconstruction from BRR to local government. This includes the transition of projects focused on mainly infrastructure reconstruction to livelihood recovery.

2. BRR Update by Mr. Kuntoro Mangkusubroto, Head of the BRR NAD-Nias

- Specifically welcomed Walter North, new USAID Mission Director for Indonesia, to the Steering Committee
- Reported on visit to Washington DC and New York as part of the Indonesian delegation at the UN meetings. President Clinton emphasized the importance of reconstruction and integration and has offered to be a patron in setting up a series of workshops and meetings to be held prior to the April 2009 end date. A meeting with the UN also emphasized the role of the UN in assisting in the coordination of the overall program in the reconstruction of Aceh & Nias.
- The Indonesian President also reported to the UN, emphasizing once again that BRR's mandate will end April 2009 and will not be extended. The plan is to end construction by November 1, 2008 and the last six months will be used to administer the hand over to local governments and technical ministers.

- This transition plan was also discussed between all line ministers. They understand that the assets will be transferred without waiting until the end of BRR's mandate. Therefore several assets have been transferred, such as the Simeleu Port, Nias General Hospital, etc.
- Another transition effort is conducting the asset identification with funding from AusAid.

3. Remarks by Mr. Husni Bahri TOB, Provincial Secretary, NAD

- Thanked the SC and MDF for the support of the AGTP – and the transition from BRR. The local government understands the importance of transition, but sees the need to transform prior to the transition process to be ready for the future development of Aceh. After the tsunami, Aceh lost many of its officials and currently the Government's capacity is weak. The AGTP is also relevant to efforts in providing good governance, war on corruption and reduce illegal logging.
- Specific for transition, the government has prepared four bureaus to be responsible to administer the transition.
- The local government agrees to work as partners with BRR to safeguard the work from BRR, MDF and other donors that have contributed to the rebuilding of Aceh. Strategic coordination is key to maintain the MDF and BRR's legacy.
- The local government hopes that Donors will continue to support the local government as the responsibility has shifted to the local government.

4. Remarks from Mr. Pierre Philippe, European Commission

- Underline that the transition and transformation topics are very important to the donors.
- To emphasize the importance of the topics, the MDF for the last two months held two co-chair meetings and two donor coordination meetings. This is to ensure that the support Donors provide will be done effectively.

PART B: Multi Donor Fund Operations

1. Approval of the Steering Committee Meeting No. 14 Minutes of Meeting

Approved, as distributed, by all members

2. Presentation of Transition Strategy – BRR

Highlighted the strategic role of MDF as counterpart, to coordinate policy dialogue, to look at the activities of donors, identify the gaps and facilitate meeting the needs.

Comments

Co-Chair:

- The Transition Strategy has gone through many steps and now provides a clearer picture. It started as something that is very vague and now much more concrete.
- The three steps of where transition stands is a backdrop on how the process will be done -- from only specific handover of assets and projects and the broader question of sustainable development, beyond short term transition

Netherlands:

- Praised on the simplicity of the strategy and supports the effort for a successful transition.
- Highlighted the importance of strong partnership between BRR and local government.
- Emphasized that the close relationship between BRR & MDF Donors as key of the recovery process.
- Strong commitments have led to passionate and fruitful discussions that show the high level of partnership.

- The strong partnership between BRR and Local Government will make the efforts successful.

3. Aceh Government Transformation Program– Governor and UNDP

Comments from proponent: To fit in with the time frame as mentioned in the Transition Strategy. The transformation needs to take place by mid 2008 to be able to carry the legacy of BRR. For the provincial government, they need to carry on the weight of responsibility after the success of MDF and BRR.

Comments and Decision

Canada - CIDA:

- Canada has supported this from the beginning. This is a critical time to help the government in its efforts
- Need to strengthen and clarify the messages, i.e. the issue of ownership in the local government.
- There are substantial amount of technical assistance in the two components as proposed, but need detail mapping to address the critical needs of the local governments
- There is strong need to ensure capacity building is done, not just technical as assistance that ends with the project, but that which would include knowledge transfer.
- Gender consideration is absent and should be strengthened in the PAD

UK-DFID:

- Echo Canada's comment to support – it is very timely and critically needed.
- The need to provide a clearer picture on how the technical assistance link to capacity building, i.e. how the Aceh Recovery Framework fits into the picture.
- Need explanation about the rationale of the support in the transition. What is the distinction with the “transition” component in the TA to BRR's support? Should the task be managed under the same advisors?

Norway:

- Also representing Sweden. Both Norway and Sweden are supporting the PCN.

Australia:

Based on experience working in Aceh, when supporting government, the below points should be considered:

- the government is able to look at the needs of communities
- there is a need to provide assistance on how to build relationships with various stakeholders

CSO – Humam Hamid

- Support that the proposals are helped by donors
- The need to coordinate with current groups who are also working on transformation activities.
- No need for legal advisers – they are already there.
- Review again and pick four to five on-going projects to focus on.

ADB

- Fully endorsed the project. This is more important for the provincial government rather than donors.

- Suggest proponents to listen to what the local government needs are for the long term. No need to dictate the terms and conditions to the local government.
- Support the CSO representative said on the need to work with current working groups.
- Need to assess the officials who have/have not received training in certain areas. The capacity building should not be given to people who have had similar training.
- Need to define the terms of capacity building – because it is very vague at this moment
- Land titling management should be built into this project.

European Commission

- Support the principle of the intention of the transformation process
- Reinforce the need to understand what programs are actually being implemented by others
- Need clarification on the link of how the proposed seven teams to the government office will work.
- Need clearer explanation on how the link of transformation and transition projects will work together.
- State more clearly the definition of TA and capacity building.
- Would like to see how the project outlines the process of recruitment.

United Nations

- Question whether the concepts come from the demand side
- Needs to be clearer on what the legal is doing – not should be developing local regulations
- GTZ's works should be recognized in the proposal

Summary by Mr. Joachim van Amsberg:

- Broad support for the concept, but a few directions need to be included into the PAD
- Importance of firmly building – certainly the existing programs -- the ownership of the province
- The importance of probing the proposed TA packages are complementary and not duplicate existing work
- How to ensure that sustainable capacity will be built.
- Need to define what the project means by capacity building.
- Request coordination with TA efforts to BRR and with districts
- Need to ensure that the proposal clearly shows the demand side

4. Support to Transition in Aceh and Nias- BRR and UNDP

Comments from proponent:

The key context for the support to BRR is to help BRR be able to complete the reconstruction prior to the end of its mandate, manage a proper transfer (asset, knowledge and legal) and be able to conduct a proper exit and transition.

Comments and Decision:

Canada

- Supports the second piece of the puzzle. Equally see the importance of the proposal.
- The need to strengthen component in the issue of gender.
- The need of technical assistance/ capacity building to include the transfer of knowledge
- To include how the environmental impact assessments will be done. Even though it may be late it should be done appropriately prior to when the construction needs to be done.

UK - DFID

- Provide residual comments, although support in principal.
- The need to provide assistance to make sure transition is successful.
- Budget needs to be adjusted, since some components have been taken out, i.e. transfer to be done via IRFF
- Not convinced by the need for IT & Communications budget. What is the justification for a component with US\$800K budget?
- In regards to budget, what is the link to the transition (how and when) with the environmental impact assessment?

The Netherlands

- In general approve the support. Believe to provide BRR with the international, high quality support it needs to operate professionally
- BRR has the challenge to exit and is currently relevant as ever.

European Commission

- This PCN has gone through many scrutiny and review, therefore appropriate that EC fully supports the principal idea, but the details needs to be included in the PAD
- Support the comments made by DFID
- It is clear what is needed in the IT component, but do not see the rationale to support communications.
- Need to have a better link or explanation on how the asset transfer can be managed under the IRFF program.

CSO

- One of the key elements of the transition is asset transfer. How will that be done now?
- Civil society should be included in the joint meeting to ensure transparency.

ADB

- Would it be feasible to provide assistance to the national government – technical ministries -- since they will be receiving billions of assets as well. Should we define the key parties to be involved and include them in the process?

USAID

- Endorse the proposal and comments made by other donors.
- Request that BRR quickly develops the detail plan, which would include the rationale of having IT, communication and environmental analysis in the budget
- Happy to continue to support BRR, especially in the last inning of a very spectacular game.

Responses

BAPPENAS

- In regards to the mid-term review conducted by Bappenas and BRR to accommodate, the goal is to prepare for the closing of activities. Action program was how to accelerate the transition and consider the line ministries in addition to the provincial, district and municipality to be part of the effort.
- The completion and the sustainable activities will incorporate that extended activities to be done by the local government, line ministries with the MDF. There should be a discussion to seek whether this is in the same direction with MDF
- In 2008/2009 – the Nat'l budget – will allocate 14 billion Rupiah to complete the reconstruction. But will need a scheme if it will be allocated to local government. This needs to be sustained by various parties, therefore line ministries needs to be involved in the transition.

MDF Secretariat

- It is key for the Secretariat to take the lead in ensuring that what has been decided that the asset transfer is managed by IRFF is being done. Preliminary discussion with BRR is being done. Parts that have been removed should not be included.
- During the preparation of these projects, if endorsed, will involve the donors to ensure that all comments are taken into account.

Summary by Mr. Joachim van Amsberg:

- Members endorse in principal the proposal, with several comments to be particular guidance, among others:
- Need to coordinate carefully and link with various parties: the provincial government and line ministries, and how the national government be part of the transition, and other instruments such as IRFF
- Need to probe/improve the project components that relate to IT, environment and communication
- Need to have the inclusion of CSO participation and gender quality

5. Sustainable Recovery of Livelihoods - Conservation Int'l and BRR

Comments from Proponents: This proposal has been brought forward to BRR/MDF since 2005, but with reasons that the MDF was still focusing on reconstruction, the proposal was brought back at a latter stage in mid 2007.

Comments:

ADB

- Suggest using ADB's spatial planning and GIS documentation. ADB has been covering 50 *Kecamatans* which may be in-line with the program.
- Expresses concern on the financing through farmers input. What is the guarantee that farmers would provide 15% of the whole project? What is the risk?

USAID

- Understands that this proposal has gone through a long process, but although in support of livelihood opportunities, there are still a few clarification needed:
- Concern on the focus of activities –the breadth is too wide. Best to focus on coffee
- The labor will be reimbursed by the project. How would it be proposed/ensured? Need longer term guarantee?
- Need the validation of experience of Forest Trade and whether they would match the effort as a private sector.

The Netherlands

- This PCN has been discussed extensively, therefore support the program

Canada - CIDA

- Support the livelihoods opportunities
- Need to be careful in selecting the beneficiaries. How would you deal with the balance of involving conflict victims and non-victims: the project should not create jealousy?
- In addition to the ADB mappings, AFEP also has several documentation

UK – DFID

- Support the livelihoods as part of the recovery process.
- Need to provide reasons of not under EDFD and be as a stand alone. Where does this fit into the BRR remaining strategy and the alternative uses of funds?
- The need to have useful figures on the impact – feasible to do a cost benefit analysis to understand how and how much project would contribute to improving livelihoods of farmers.

Norway

- Both Sweden and Norway support.

- In the evaluator's comment there is a concern about participation. Therefore, in agreement with USAID, the project concept note should provide detailed mechanism of community involvement
- Project purpose needs to be focused and simplified.

CSO – Humam Hamid

- A good project, but why are the 4 districts of the project locations far from the Seulawah corridor?
- More specific on how to manage the 3,000 ha land. Is it recovery or replanting of existing plantation?
- The commodity is not clear. Coffee is the prime commodity in Aceh Utara. But in Aceh Selatan is nutmeg. Nilam needs very fertile land. That means you are not supporting the environment.
- This project deals with crops. How long will this project last? Palm Oil is 5 years, nutmeg is 7 years. Need to assess the knowledge of the proponents in the commodities and understanding spatial usage.

Germany (written)

- Still need clarification on the envisaged partnership (PPP) with ForesTrade: It should be ensured, that no public funds are used to support economic interests of a certain company. Will ForesTrade be one of the main purchasers of organic coffee in the region?
- The PCN does state the current dynamics within the coffee-sector in Aceh (at the moment, about 20 initiatives - cooperatives and traders - are competing in the sector). Activities by other national and international private actors should be considered accordingly.

Response:

Conservation International

- Currently there are no direct interventions in the area mentioned.
- Develop a sustainable livelihood that would take account the environment as a life supporting system in the lowland and highland differentiation.

Forest Trade and Bio-Merchants

- Coffee and essential oils has been the major income for Aceh and nilam has been tested in several plantation
- Specifically work with *lembaga adat*, *lembaga local* to decide on the commodities
- Aceh have high potential to recover
- The ability to leverage funds – US\$. 1.5 million for financing in bank
- Paying for labor is not in the project – farmers will pay loans through the cooperatives
- Farmer contribution are based on the premiums generated through sales

MDF Secretariat

On whether CI would be a stand alone or included in the EDFF was decided to be a stand alone project during the technical review meeting on Oct 8.

Summary by Joachim van Amsberg:

- Green light to the proponents to move forward to the planning stage, with the following notes:
- There is a need to be more careful in providing details on the technical issues, whether to focus on certain commodities.
- Need to link with spatial planning
- Need to include local participation and opportunities
- The need to link with EDFF in managing cost-benefit analysis

6. Other business

- Members accepted that the next steering committee will be held on December 18
- To manage the comments from Bappenas, we should have a separate meeting on how to best use the resources and allocate the funds
- On the MDF extension, Canada raised a question whether acceleration of the MDF extension can be done. Based on the discussions on the three PCNs, it will take sometime to see the results of approved projects, i.e. the time it takes for the commodities to yield and how the local government would transform. As a response, the MDF Secretariat said that a document will be sent to the World Bank Board for a request of extension until end of 2012. The involvement of Donors in this effort is important, and the first consultation with Donors was very supportive. A letter will be sent to Donors for support, which the Secretariat will report back to the Board on the Donors support.

Closing

Remarks: H.E. Jean Bret  ch  :

The more I participate in this kind of meeting, the more I see better coordination within us. It has been a great effort by everyone, BRR and the local authority, as well as all donor participants. On a personal view, I would like to say that this has been a great experience in participating. This is a good example of coordination that we can come out with one voice. I can ensure you that this is not always the case. Everything is not perfect. After 2.5 years – with the existence of the MDF, although a lot has been done, there are some problems in the region, of course. Integration issues still exist and we need to ensure that the local government manages the transfer accordingly. We hope that Aceh can sustain the peace and development. I wish everyone the best in administering the funds.

Remarks from Joachim van Amsberg

Your comments are timely. We want to thank you for your effort and commitment throughout the process of the Aceh & Nias rehabilitation and reconstruction.

Remarks from Mr. Kuntoro

Your role has been instrumental in our efforts to build Aceh and Nias. A series of breakfast and lunches have given us very productive input and wisdom to all of us. We would like to thank you for your support in BRR programs.

Attendance List

No.	Name	Organization
1.	Joachim von Amsberg	World Bank
2.	Jean Bréteché	EC
3.	Pierre Philippe	EC
4.	Kuntoro Mangkusubroto	BRR
5.	Husni Bahrie TOB	NAD Provincial Secretary
6.	Christian A. Rey	MDF Secretariat
7.	Monika Nowacka	EC
8.	M. Rum Ali	EC
9.	AD. Koekkoek	Embassy of Netherlands
10.	Emmely Benschop	Embassy of Netherlands
11.	Shantanu Mitra	DFID
12.	Marie Thrane	Embassy of Denmark
13.	Mette Kottman	Embassy of Norway
14.	David Fournier	Embassy of Canada
15.	Jamal M. Gawi	CIDA
16.	Jonathan Wheatcroft	CIDA
17.	Leya Cattleya	CIDA
18.	Marc TRENTESEAU	Embassy of Belgium
19.	Rehan Kausar	ADB
20.	Walter North	USAID
21.	Thomas Morris	USAID
22.	Frederik Van Der Vloodt	Embassy of New Zealand
23.	Reiko Niimi	United Nations
24.	Satya Tripathi	United Nations
25.	Bernadette Whitelum	AusAID
26.	C. Shillito	AusAID
27.	Noriko Miyake	Embassy of Japan
28.	Kisaku Uchida	Embassy of Japan
29.	Taufiq	Embassy of Japan
30.	Amin Subekti	BRR
31.	Bill Nicol	BRR

32.	Eddy Purwanto	BRR
33.	Kevin Evans	BRR
34.	Ricky Sugiarto	BRR
35.	David Jackson	UNDP
36.	Håkan Björkman	UNDP
37.	Oliver Lacey-Hall	UNDP
38.	Suprayoga Hadi	BAPPENAS
39.	Maurin Sitorus	Ministry of Finance (DEPKU)
40.	Badaruddin Daud	Office of the NAD Governor
41.	Rena Korber	Office of the NAD Governor
42.	Sayed Fuad Z	Office of the NAD Governor
43.	T. Eddy	Office of the NAD Governor
44.	Zaidan N	Office of the NAD Governor
45.	Naimah Hasan	Civil Society Representative
46.	Humam Hamid	Civil Society Representative
47.	Didy Wurjanto	Conservation International
48.	Iwan Wijayanto	Conservation International
49.	Thomas Fink	Forest Trade
50.	Bowen Uhlenkamp	MDF Secretariat
51.	Lanny Oktavia	MDF Secretariat
52.	Nia Sarinastiti	MDF Secretariat
53.	Safriza Sofyan	MDF Secretariat
54.	Sarosh Khan	MDF Secretariat
55.	Maiko Uchida	MDF Secretariat
56.	Fabio Scarpello	MDF Secretariat