



Steering Committee Meeting No. 16

Minutes of Meeting

Thursday, December 18, 2007

2:00pm – 3.30 pm

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

Summary

Nias Island Livelihoods and Economic Development Program Project Concept Notes Proposal

1. **The Steering Committee endorsed the project concept note.** The meeting was attended by 14 out of the 16 required members to meet the quorum. The 14 members attended endorsed the project concept note and agreed that the two additional endorsement needed should be sought through a virtual process. The Secretariat sent out individual notes to non-attending members and received two additional endorsements from the German Government and ADB, thus reaching the full quorum needed.
2. **Main comments and recommendations to be addressed in project preparation:**
 - Identify and select the best implementation structure with consideration that BRR's mandate will come to an end in 2009. Recognition that the implementation structure is an integral part of the project, such identification should be done as soon as possible.
 - Assessment (component 1) should be done in parallel to the project preparation to start implementation of actual activities (component 2) as soon as possible.
 - The proposed component size is the right balance, the project team should continue to maintain this – mainly components (1 and 4) on assessment and project management should not be increased.
 - Provide further details on the disaster risk reduction component.
 - Provide a more detailed budget to ensure that capacity building is included.
 - Provide details on the area of focus: sub-sector, target markets, etc.
 - Leverage on the work done by other agencies, i.e. United Nations
 - CIDA has offered technical support in analyzing gender issues

Part A: Introductions

1. **Welcome by MDF Co-Chair, Mr. Joachim von Amsberg, Country Director of the World Bank**
 - Mentioned that the meeting is the last steering committee meeting for 2007
 - Noted that several members have already left for the holiday break, hence a smaller group is present in the meeting.
2. **BRR Update by Mr. Kuntoro Mangkusubroto, Head of the BRR NAD-Nias**
 - The three year commemoration is planned to be held in Calang with the presence of Vice President Jusuf Kalla.
 - Reported on the development of the housing, village clinic and agricultural land rehabilitation projects. BRR officially launched the one hundred thousandth house in Calang together with the British Red Cross (BRC). BRC also finished its 1,900 houses

and announced will leave Aceh at the end of the year. The number of village clinics is twice as high as national average, providing better access to facilities. The challenge is for the local government to manage the clinics and be able to source midwives and doctors. Agricultural land rehabilitated has been more than expected target.

3. Remarks by Mr. Muhammad Nazar, Vice Governor NAD

- Informed the current focus of the provincial government: consolidation in the government structure and continue the development of the Province of Aceh
- To be able to focus on the two priorities, both the Governor and Vice Governor believe the precondition is to sustain peace. In an environment of conflict and violence Aceh's problems cannot be solved.
- As Aceh ranks as the province number four in terms of poverty rate in the country, Aceh will need to manage its resources to increase the welfare of the people. Therefore having strong governance is important. This is an opportunity for the government to show that it can provide a seamless transition from BRR, with the help of donors and NGOs.
- In addition, the Aceh government will have an increase of financial resources (central government budget and revenue from oil & gas) that will need to be managed for the benefits/prioritization of the people.

4. Remarks from Karine Genty, Head of Development Co-operation, European Commission

- Wishes that the donors will reach the same consensus during the previous donor meeting to support this project for the success of Nias.

Part B: Multi Donor Fund Operations

1. Approval of the Minutes of Steering Committee Meeting No. 15

The minutes were distributed on time (5 working days after December 6, 2007), but the period to review was less than 5 working days. Nevertheless, the minutes of the Steering Committee Meeting No. 15 were approved by all members.

2. Nias Island Livelihoods and Economic Development Program

Comments from the proponent – Mr. William Syahbandar (BRR Nias):

The goal of the proposal is to facilitate sustainable long-term economic development and poverty reduction by creating an enabling environment for improved economic development and livelihoods in Nias Islands. Currently, 80% of the population is dependent on farming with lack of health/nutrition services, low production and minimum infrastructure. The areas of project activities focus on the key agriculture and business sectors, on support through targeted trainings and investments, enhanced access to social services, markets and economic opportunities and improved local government capacity in service delivery. The process of developing this proposal has been long, but certainly beneficial for the team and the people of Nias.

Comments and Decisions

UK - DFID

- Pleased to see the development of the proposal although it is an ambitious program with quite a wide range of activities. The PCN has taken into consideration the mandate of the MDF, for instance by placing the health sector more into a backstage role, not as the focal focus.
- References to DRR and climate change will need more details in the project preparation.
- Appreciate to see a more detailed budget. Component 1 & 4 should not get bigger than it is currently stated.

- Component 4 should not be just for administrative budget, but provide support to the local government.
- Despite the above points, as a support to recovery of livelihoods in Nias, the UK endorses the proposal.

European Commission

- Concurs with the views of the UK.
- Happy to see the refocus of the program compared to the previous proposal, i.e. shift back to secondary impacts on health.
- Based on the discussion last week with donors, emerging issues are:
 - Implementation structure: BRR has a key role in the preparation stage. But with the actual implementation starting only in mid-2008 and the end of BRR in October, it does not make sense for BRR to be the Executing Agency for only a few months and subsequently for another agency to take over the project execution role. Therefore there should be more discussion in the preparation stage on the implementation structure.
 - Timing of the implementation: Donors agreed that the first component should start as soon as possible, not as part of the project, but as part of the preparation process. The first component is an assessment that would guide the selection and implementation of activities. The EC stressed that the assessment should not drag and be done fast (in parallel with appraisal if possible) so that the actual implementation of activities (component 2) will be able to start within 2008.

NZAID

- Supportive of the project, but highlighted a number of areas that need more details in the preparation stage:
 - Decision on who will be the implementing agency should be done urgently. Not being able to identify as soon as possible might create cumbersome conflicts and process that may impend adversely on the success of the program.
 - The proposed four year time frame was not totally realistic, given the period of time required to undertake capacity building and prepare for long-term attitudinal changes.
 - Reference to gender is positive. But need further work and be conscious that community participation is not easy or smooth process.
 - It is unclear what is meant by community contributions. We believe there is scope for these in some areas but appreciate it is a difficult area.
 - On linkages to health and nutrition, the representative urged to consult with agencies which are working in the area, such as UNICEF and SurfAid, to draw on their field experiences and lessons learned.
 - Livelihoods and economic development components should be better defined to explain which markets will be targeted: local, domestic, national, or international
 - The information access work needs to take account not only whether reliable electricity supply is available but also of local human capacities.

Canada - CIDA

- Supports the concept note
- The appraisal should provide a clearer picture of the implementation structure. BAPPEDA should have ownership as well, and it needs to be clear how the project links to the district development plans
- Agrees with EC that the assessment needs to be undertaken swiftly and move forward as quickly as soon as possible.
- On gender quality – comments have been provided separately – CIDA would like to provide more concrete help and offers support from its gender advisor to provide advice in the gender analysis for the project document.

United Nations

- Urged that the disaster risk reduction component in the proposal be made more explicit (as mentioned by DFID)
- Based on the experiences that have collectively been gained by the UN agencies already working in the area (UNICEF, ILO, UNESCO and UNDP), all stand ready to help in the implementation of the various components.

USAID:

- The U.S. strongly supports the Nias Livelihoods project. The people of Nias deserve the assistance of the donor community, and this project represents an appropriate use of donor funding.
- The U.S. supports, in particular, the infrastructure development component. (Component 3) Improving access to remote villages has multiple benefits, including ease of access to markets and reduction of the need to walk long distances for water. The U.S. notes with some concern that the project proposes improving only 223 kilometers of an estimated 2,500 kilometers of kabupaten roadways (1,200 of them 'strategic'). **We suggest that more funds might be made available for this important component.**
- The U.S. would like to see a more detailed budget for the project, and in particular, more information regarding the funding for training and project management. (Component 4). Based on the U.S. experience in Aceh, it is unlikely that \$2.5 million will be sufficient for administrative support and effective training for kabupaten leadership for a multi-year program. The U.S. wishes to ensure the program is adequately funded to achieve its ambitious goals.

Summary of comments by Mr. Joachim van Amsberg

Three items that need response from the proponent:

- Implementation arrangement: is a transition arrangement with BRR and another Executing Agency viable?
- Timing of the initial assessment and actual investments being made
- Others have offered help (e.g. UN, CIDA) – the team may want to take advantage of these offers

Responses from BRR

Mr. William Syahbandar

- Will try to find the best way to determine the implementing agency. BRR is not saying that it is the best agency to implement; therefore it will need to define the appropriate agency and system for the implementation. The proponents are considering to place the responsibility at the Central Government level and to appoint a consultant to manage the implementation. This will be clearly defined in the project appraisal document.
- Disaster risk reduction needs to be carefully integrated into the project. Further adjustments will be done during the project preparation. The project will benefit from work that UN agencies have done; i.e. through the Risk Reduction Working Group and incorporating a curriculum on disaster risk reduction developed by UNESCO.
- On timing, agreed that assessment needs to be done ASAP and will work hard during the project preparation.
- Technical aspects such as cluster approach, products, markets, etc. will be managed during the project preparation to integrate all aspects. It is crucial to avoid mistakes for example, the rubber industry where there is a lot of work on the production side, but failed to define the market.
- Community contribution: successful programs such as KDP could be utilized. Also, ILO successfully implements reconstruction in Nias using local contractors. Significant local contribution is needed and will be defined in the project preparation.

Mr. Kuntoro Mangkusubroto

- Nias is one of the least developed regions in Indonesia, and similar to other border areas of Indonesia lacks development.
- This provides a unique opportunity for donors to be able to mobilize funds directly to a region (Kabupaten level). Usually if a district wants to have a development plan, the province makes the decision and would prioritize the mainland and not the smaller islands in the outskirts.
- This is the only scheme that will provide help directly to the district level. Hopefully, this will have minimum intervention from Medan, so that Nias can have an independent plan.
- Some of the comments are really valid when it comes to implementation. We need to be careful and be able to keep the implementation structure simple.

Summary from by Mr. Joachim van Amsberg

- The Steering Committee does support the concept note and its development.
- Regarding the implementation structure – one major issue highlighted by all – it is clear that the implementation structure is an integral part of the project and not an afterthought that needs to be addressed early on during project preparation.
- For the identification of the right implementing agency, proposed to focus on identifying the right institutions that will eventually have the responsibility of carrying forward the Nias development agenda.
- The team will also take on board the comments on: disaster risk reduction, sequencing of assessment and implementation, community contribution, work of other institutions and gender equality, etc.

Comments from the MDF Secretariat, Christian Rey:

- The number of members attending is 14, but 16 voting members need to be present to reach a decision quorum.
- Suggested to continue with the approval and to contact the non-attending donors for virtual endorsement in order to reach the quorum for a decision.
- All attending members agreed to proceed. (*Note: the secretariat sent request for virtual endorsement on December 19 and received two endorsements from Germany and ADB on Dec 20- see below*)

3. Presentation on the Multi Donor Fund In-Depth Progress Report: Preparing for Transition

A short presentation covered the results achieved during the period of April-September 2007 and highlighted success factors as well as challenges ahead. The Secretariat pointed out that the In-depth Report would be circulated before the holiday break and discussed at the Technical Review Group level in the early weeks of the New Year.

The EC requested that the meeting would not be convened before 14 January 2008.

4. Other Business

Announcement from the Secretariat, Mr. Christian Rey

- A great year for the Multi Donor Fund has passed – the MDF has been able to approve six new projects as of today and has in total disbursed more than 50% of the budget to implementing agencies.
- In 2008, as per request from donors, formal activities will commence as of January 14.
- Norway's additional funding of approximately US\$ 1.5 million has been received.

Closing remarks from Kuntoro Mangkusubroto

- BRR's own budget for 2007 has reached 60% disbursement, 10% more than last year.

- BRR is preparing for transition not only at the provincial level but also at the Kabupaten level. There has been a lot of debate on two proposed projects, the Kabupaten Recovery Forum and Solution Exchange. Encouraged further debate on these projects that could potentially support the transition.
- Wishes everyone a happy holiday and New Year.

Attendance List

No.	Name	Organization
1.	Joachim von Amsberg	World Bank
2.	Karine Genty	EC
3.	Kuntoro Mangkusubroto	BRR
4.	M. Nazar	NAD Vice Governor
5.	Christian A. Rey	MDF Secretariat
6.	M. Rum Ali	EC
7.	AD. Koekkoek	Embassy of Netherlands
8.	David Lloyd-Davies	DFID
9.	Marie Thrane	Embassy of Denmark
10.	Mette Kottman	Embassy of Norway
11.	David Fournier	CIDA
12.	Patricia McCullagh	CIDA
13.	Jamal M. Gawi	CIDA
14.	Kevin McGlothlin	USAID
15.	Christopher Edwards	USAID
16.	Frederik Frisell	SIDA
17.	Frederik Van Der Vloodt	NZAID
18.	Bernadette Whitelum	AusAID
19.	Taufik Asril	Embassy of Japan
20.	Amin Subekti	BRR
21.	Bill Nicol	BRR
22.	Eddy Purwanto	BRR
23.	Heru B	BRR
24.	Ricky Sugiarto	BRR
25.	Heracles Lang	BRR
26.	Willy Sabandar	BRR
27.	Aichida Ul-Aflaha	BRR
28.	Tor Tobing	Ministry of Finance
29.	Nurlisa Ginting	North Sumatra Representative
30.	Nur Kemala G	BAPPEDA Nias
31.	Rahmadhani	BAPPEDA Aceh
32.	Agustin Yanna	BAPPENAS
33.	Wibisono	Office of the NAD Governor
34.	T. Rafly Pasya	Office of the NAD Governor

35.	Bowen Uhlenkamp	MDF Secretariat
36.	Lanny Oktavia	MDF Secretariat
37.	Nia Sarinastiti	MDF Secretariat
38.	Safriza Sofyan	MDF Secretariat
39.	M. Faisal Siddik	MDF Secretariat
40.	Sarosh Khan	MDF Secretariat
41.	Maiko Uchida	MDF Secretariat

Additional endorsement received December 20

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12/20/2007 09:22 AM

Yes, we endorse the concept. The design of this MDF project as it stands now has taking into account most the comments made on the early draft PCN. We may want to share some further comments, if any, in early January 2008.

Pieter

"Annette Bremer"

<Annette.Bremer@bmz.bund.de>

12/20/2007 05:12 PM

We approve the concept on Nias LEDP.
I wish you a merry christmas and a happy new year!
Best regards, Annette