

## Updates

As July comes to a close, PNPM Daerah Tertinggal looks back on progress made this quarter. In April, block grants disbursed for the first time, in large part thanks to KPDT's new acceleration strategy. In June, several districts requested the second tranche.

For Daerah Tertinggal's work in Aceh, the first round of sub-project investments were planned and funded, planning grants allocated in FY 2007 utilized, and block grant investment funds from FY 2007 are disbursing. The implementation of all district FY 2007 sub-projects is on schedule for completion in 2008.

The Private Sector Development component held a formal launch in early July, and The Asia Foundation will conduct a "One-Stop-Shop" Baseline Survey and economic governance survey throughout August in Aceh.

In addition, PNPM colleagues from the World Bank, Indonesian government, and donors traveled with local consultants to all ten of SPADA's provinces to observe project progress. High community participation levels, strong government support, and effective information-sharing are evident in all locations and are key factors contributing to recent project success. Provincial and district consultant office facilities and consultant management improved greatly since the previous November supervision mission. Regular quarterly coordination meetings now contribute to increased performance of all SPADA teams.

Coordination and collaboration with the other programs under the PNPM umbrella, PNPM Mandiri-Perdesaan (KDP) and PNPM Generasi, continues to steadily rise, as teams increasingly benefit from working together. ☀

### In this issue:

Page 1: Updates and Program Description  
Page 2: Calendar, Disbursements, Staffing, Block Grants Disbursed in Aceh  
Page 3: Private Sector Development Launch Ceremony, Legal Aid Program  
Page 4: Interview with Sub-District Facilitators

## What is PNPM Mandiri Daerah Tertinggal?

PNPM Mandiri Daerah Tertinggal is an innovative pilot program begun by the Government of Indonesia in November 2006 designed to address governance and policy problems in 51 of the poorest districts across the country. The program's three key objectives are: strengthen local participation in development planning, promote private investment and job creation, and increase utilization of effective education, health, and dispute resolution services. The program builds on other successful community development projects, such as the Kecamatan Development Program (KDP), to align bottom-up planning procedures with the newly empowered district governments of Indonesia.

Trained facilitators assist villagers in a participatory planning process, helping them identify problems and create local solutions. Communities then submit proposal ideas to the program's technical review teams for consideration as either a sub-district or district project. The relevant team reviews and submits proposals to the Community Prioritization Forum, where all villages in the sub-district/district are represented, and 6 persons from each village have an equal vote in choosing the projects that are selected for block grants averaging USD 50,000 per project, as well as elect community members to make up the management team that will oversee all projects. Projects will be grouped by sector, and the local government agency will partner with the management team, or also contract out for project implementation. The project operates in 51 districts and 186 sub-districts across ten provinces: Bengkulu, West Kalimantan, Central Kalimantan, Lampung, Maluku, North Maluku, Aceh, Central Sulawesi, North Sumatera, and Nusa Tenggara Timur (NTT).

The Ministry of Disadvantaged Areas implements PNPM Daerah Tertinggal with an overall government coordination team (Tim Penggendali) providing policy oversight. PNPM Daerah Tertinggal is supported by the Government of Indonesia, the World Bank, DfID, and the Multi-Donor Fund for Aceh and Nias. ☀

Recent and Upcoming Activities	
July 2008	Formal launch of Economic Governance Assessment at Ministry for Disadvantaged Areas. NMC-PMC Coordination Meeting in Jakarta.
August 2008	Supervision trips to Central Sulawesi, NTT, West Kalimantan, Central Kalimantan, Bengkulu, Lampung. Orientation for Private Sector Development Implementing Agencies in multiple provinces. Economic Governance Assessment's "One-Stop-Shop" Baseline Survey and economic governance survey to be conducted in Aceh.
September 2008	Refresher Training for district management consultants, Satker, district coordination teams, sub-district facilitators, and Budget/Contract Officers.

### US\$1.6 Million Block Grants Disbursed in Aceh; Helped by Acceleration Plan



Recognizing the importance of the PNPM Daerah Tertinggal (SPADA) program, on February 1, 2008, The Ministry for Disadvantaged Areas, the Agency for the Reconstruction and Rehabilitation of Aceh and Nias (BRR), and the Province Nanggroe Aceh Darussalam (Aceh) met in Banda Aceh and agreed on a Daerah Tertinggal acceleration plan. The objective of the plan was to remove any remaining obstacles and start disbursement of 2007 block grants funds by April 2008, and achieve, to the extent districts are ready, parallel disbursements of all 2007 and 2008 planning and block grant implementation funds by December 2008.

Disbursements of block grants started in April 2008 and, to date, US\$1.6 million has been disbursed. Sub-projects are running in all seventeen Aceh districts served by the program. PNPM Daerah Tertinggal works with district governments to institutionalize new mechanisms for meaningful bottom-up participation, planning and budgeting in education, health and basic infrastructure. Increased district capacity to respond to village needs comes at a particularly important time in the history of Aceh as it recovers from 30 years of conflict and the earthquake and tsunami of 2004. Daerah Tertinggal provides important support to the still emerging government framework that must be responsive to establish legitimacy.

With a targeted disbursement of US\$13.3 million by the end of 2008, Daerah Tertinggal will continue to impact an increased capacity within civil society to demand responsive government, while district governments increasingly plan and budget to respond to these demands. ☼

Disbursements	SPADA Aceh-Nias	SPADA National
Planning Grants disbursed to date (IDR billion)	1.9	41.5
Block Grants disbursed to date (IDR billion)	17.4	0.92
Block Grants to be disbursed in 2008 (IDR billion)	140.9	423.6

Staffing	SPADA Aceh-Nias	SPADA National
National level Consultants (NMC):	N/A	12
Province level Consultants (PMC):	6	24
District level Consultants (DMC):	57	96
Sub-District level Consultants (FK):	N/A	180

## Private Sector Development Launch Ceremony Hosts Government Leaders

Regents of Aceh Besar, Aceh Tenggara, Aceh Barat Daya, Bireuen, Bener Meriah, as well as the head of Aceh province, attended the signing of a Memorandum of Understanding (MoU) ceremony at the Constitutional Court in Jakarta on July 11, 2008.

The ceremony highlighted the commitment of these five districts to conduct governance reforms to create enabling business environments. The Economic Governance in Aceh program, part of the broader PNPM Mandiri Daerah Tertinggal program, includes "One Stop Shop" licensing centers, regulatory reform tools, and public-private forums.

In the coming months, the EGA program will conduct licensing assessments of the five participating districts, as well as a province-wide governance and regulatory survey for all districts in Aceh.

The participating regents were very engaged and supportive of the program. "We seek assistance to review regulations, especially in business licensing and registration," said Tagore Abubakar, the Regent of Bener Meriah. Abubakar added that his district hopes to improve the business climate through better public services and more consistent implementation of local, provincial and national laws.

Pak Tatag Wiranto elaborated on the background of this project as a fourth generation of national poverty alleviation strategy, with a special focus on continuing post tsunami recovery programs. ☼



Basketweaving entrepreneur in Aceh

## Stories from the Field: Legal Aid Program in Lombok Tengah



Since its inception in September 2005, Justice for the Poor's Revitalization of Legal Aid Program (RLA) has had success in empowering communities to access their legal rights in the three provinces where it is being piloted. In Lampung, Jawa Barat and Nusa Tenggara Barat active posko (legal aid posts) have supported cases that have a direct impact on the lives and livelihoods of communities. Paralegals assisted by Posko Facilitator and the community lawyer are provided by the project whom the paralegals can access anytime requiring legal advice and consultation.

The Mediation and Community Legal Empowerment Component (MCLE) of PNPM Mandiri Daerah Tertinggal to be implemented in Aceh and Maluku focuses on community empowerment in managing and settling disputes, and building trust for legal system along with exceeding community access to legal institutions and officers. MCLE draws on lessons learned from RLA and will implement a similar type of program.

Pak Dasuki, village mediator for a posko in Jelantik village, Kecamatan Puyung, Lombok Tengah, shares an example of a case that often arises in his community.

Pak Suryadi's problem began when he met Pak Adin\*, who said he wanted to sell his motorbike. Although Pak Adin did not provide documentation, Pak Suryadi trusted Pak Adin because he was a police officer and gave him

IDR 3.1 million in exchange for the motorbike. Two weeks later, a lending company representative repossessed the motorbike, telling Pak Suryadi the motorbike belonged to Pak Adin's relative, and no installments had been paid for eight months.

Despite numerous promises from Pak Adin to return the money, five months passed. Pak Suryadi talked to others about his problem, until he heard about the posko through a friend who knew about me and my work. My home is often used for get-togethers among villagers who come for advice on issues or disputes that involve the law.

Our first step was to approach Pak Adin. He asked for a week to repay Pak Suryadi, but again, did not keep his promise. We then went to his place of work – the district police station – to inform him publicly that his actions could be considered a crime and he could be prosecuted. Within a few days, Pak Adin paid IDR 2 million and the remainder within a month.

Villagers like Pak Suryadi are often unaware of these scams, although they happen quite frequently. Fortunately, the posko that I established in my house serves as a meeting place for villagers, where paralegals and mediators lead discussions about various legal issues. In my experience, this method of sharing information about law has proven more effective in educating the community-at-large than through formal meetings. ☼

\*the name has been changed

### Interview with the Sub-District Facilitators in Kota Waringin Timur, Central Kalimantan

**Question:** Can you tell us what your role is, and a bit about the communities you work with?

**Answer:** Facilitators are from the community, and work with the project to provide technical assistance and capacity-building training for community and government staff at the sub-district and village level program management.

The community is 75% farmers (rice, vegetables, coconuts), 10% fisherman, and 15% landowners who harvest/make their own food. The ethnic breakdown is 70% Malay and 30% Javanese migrants.



Facilitators during the interview

**Question:** I'm curious, what would you say is the biggest challenge you face in the course of your work?

**Answer:** The biggest challenge we face is transportation to the field. For some of us, it takes seven hours to travel to the field from Sampit. That route requires taking a motorized canoe, which usually only leaves once a day.

**Question:** Can you tell me about some of the successes you have had?

**Answer:** Our successes are capacity building and improving representation of women. Thanks to recent training programs, we can do needs identification and effectively brainstorm the underlying problems and potential solutions. Cempaga Hulu's community health team is 100% female, and in Seranau the team is 50% female.

**Question:** That's great. Are there any long-term goals you have for Kota Waringin Timur?

**Answer:** In regards to working with the community, there is a deep need to teach people about career development and how to establish the infrastructure needed for critical activities such as fishing and farming. ☼

For more information on PNPM Mandiri Disadvantaged Areas, please contact:  
**Ministry for Disadvantaged Areas**  
 Email: p2dtk@indosat.net.id

**National Management Consultants (NMC)**  
 Jl. Tanah Abang V No. 37 B, Jakarta  
 Phone: +62-021-3510-004