

Rural Implementation Support

Quarterly Progress Report: April to June 2016

Summary Information	
Status	Active
Activity Number	TF092138
Task Team Leader(s)	Sonya Woo (swoo1@workdbank.org)
Executing Agency(ies)	PSF
Start Date to Closing Date	May 14, 2008 to December 31, 2016 (103 months)
Geographic Coverage	National : 5300 sub-districts, 403 districts, 33 provinces
Approved Budget	US\$7,796,270
Disbursements During the Quarter	US\$325,961
Cumulative Disbursements	US\$7,386,815

Project Rationale and Overview

Since PNPM Rural was first launched in 2008, the program has been scaled up to cover approximately 5,300 sub-districts, with this number increasing from 2,600 at the program's inception. A number of studies and evaluations have found that this scale-up caused substantial strains on the program's management and governance frameworks. To achieve the program's development objective, which is for *villagers to benefit from improved local governance and socio-economic conditions*, it was deemed necessary to intensify the provision of support in these areas.

In response to this perceived need for intensified support, the Joint Management Committee (JMC) approved the establishment of an implementation support trust fund to facilitate improvements to both PNPM Rural and PNPM Urban in May 2008. In 2009, a separate trust fund was established specifically to facilitate improvements to the supervision of PNPM Urban. In 2010, two additional projects were established to work in close cooperation to provide support for: (i) the implementation and monitoring of PNPM Rural and the two Papua-based projects, PNPM Rural/RESPEK and PNPM Agriculture; and (ii) field operations and governance and fiduciary systems. The Implementation Support project provides technical support, guidance, and supervision through field-based monitoring and through other activities to improve governance, fiduciary, and monitoring and evaluation (M&E) systems. In addition, the project team has also engaged in high-level policy dialogue with PNPM Rural's implementing agency, the Directorate General of Community and Village Empowerment (PMD) under the Ministry of Home Affairs, and with the Steering Committee of PNPM (*Pokja Pengendali*). All of these activities are intended to assist PMD to formulate recommendations, strategies and policies on the basis of evidence-based and technical analyses. The project also provides portfolio-wide implementation assistance and facilitates engagement with local-level project stakeholders, with the findings from field-level activities being aggregated to assist PMD to identify and address relevant issues and to determine opportunities for the development of pilot projects.

In 2011, the Government and development partners agreed to focus on strengthening five key areas identified as critical for program management, as follows: (i) capacity building for PMD to manage the program optimally; (ii) the redesign of the Management Information System (MIS) to enable the provision of reliable and comprehensive data; (iii) the strengthening of the Complaints Handling System (CHS) to enable the better detection, monitoring and resolution of fraud and corruption cases; (iv) the reinforcement of formal and informal fiduciary controls; and (v) improvements to the system for the management of facilitators, particularly in the area of career development, training, and levels of

remuneration.

In October 2014 the Government established the new Ministry of Village, Disadvantaged Areas and Transmigration (MoV). This new Ministry was assigned the mandate for executing functions related to village development and community empowerment. In February 2015, the Government determined that the responsibility for the implementation of PNPM Rural would be transferred from the MoHA/PMD to the MoV. Following this transfer, the implementation project team has provided support to the new implementing agency, the Directorate General of Development and Village Community Empowerment (PPMD) under the MoV.

Overall progress toward development objective

The project's progress towards its project development objective (PDO) is moderately satisfactory and steadily progressing after the delays associated with the transition from Rural to the Village Law in early 2015 as well as the associated changes in implementing agencies. Since the last implementation support mission held in late 2015, the MoV has made good progress in addressing four of five critical issues raised by the Bank in its Management Letter, including finalizing the Annual Work Plan and Budget (AWPB) for 2016; allocating in the budget the remaining loan balance; reaching agreement with the Bank on using loan financing to reimburse costs associated with the recruitment and training of village facilitators; and despite the delays, recruiting new facilitators and appointing key Administrative Service Firm (ASF) specialists in the National and Regional Management Consultant Firms (NMCs and RMCs). In December 2015, the Bank approved an IDR 1.8 Trillion AWPB for 2016, comprised of financing to support: (i) several ASF contracts at the national, regional and provincial levels; (ii) facilitator remuneration and related operational costs for more than 42,000 facilitators to be mobilized in 2016; (iii) national and provincial coordination meetings; (iv) training for facilitators; and (v) the National Secretariat. Since then, two revisions have been carried out to the AWPB (in February and May 2016) inclusive of a further IDR 1.3 Trillion, bringing the total AWPB for 2016 to IDR 3.1 Trillion, which is inclusive of the remaining IBRD loan balance. All activities under the initial AWPB's main categories are underway. However, with the recent and second revision to the AWPB, it is expected that the MoV will request a further six to nine month extension of the IBRD loan closing date in order to allow for the successful completion of activities.

During the second quarter of 2016, strong progress has been made in terms of project management, including the recruitment of approximately 19,000 new facilitators, the appointment of key specialists in the National and Regional Management Consultants offices and an implementation support mission to six provinces. However, two on-going activities remain in need of extensive support from the implementation support team: (i) the pre-service training for new recruited facilitators, which includes curriculum and module development for new recruits; and (ii) the second batch of recruitment processes to meet the target quota of new facilitators. Given that support is still needed and provided by the implementation team, the PDO under this trust fund remains unchanged.

Key developments during the quarter

The most significant developments during this quarter are the recruitment of new facilitators since mid-May 2016, the recruitment of professional consultants at the national, regional and provincial levels, and the implementation of a support mission that has been conducted on June 20-25, 2016. Meanwhile, the development of training modules for pre-service training of new recruited facilitators is still on-going.

The following summarizes key activities that the PSF Implementation Support Team has supported in the second quarter:

- **Village Facilitators (*Pendamping*) - Terms of References (TORs)**
The final TOR for nine facilitator positions; Community Empowerment Expert (TA-PMD), Village

Infrastructure Expert (TA-ID), Participatory Development Expert (TA-PP), Rural Economic Development Expert (TA-PED), Development of Appropriate Technology Expert (TA-TTG), Basic Social Services (TA-PSD), Village Empowerment Facilitators, Infrastructure Development Facilitators and Village Facilitator, has been finalized in April 2016. Two issues mentioned in the previous Quarterly Progress Report (QPR Q1/2016), which are the upper age limitation (max. 50 years old) for sub-district facilitators and the prohibition for all facilitators to get involved in any political activities, have also been incorporated in the final TORs;

- **Facilitator Recruitment**

The recruitment of new district, sub-district and village facilitators has been significantly delayed. From August-December 2015, assuming that the facilitation and related training activities would be financed through *Rupiah Murni* (government funds), the MoV recruited a new cohort of village facilitators using a different set of recruitment procedures without prior approval from the Bank. From December-February 2016, the MoV appointed approximately 27,350 new village facilitators, including the existing 10,300 facilitators grandfathered in from the Rural Program. The implementation support team identified significant issues with the recruitment process, including registration problems, the tracking and transparency of the application and selection process, and the quality of the candidates. These issues have been documented and discussed extensively with the MoV. In February 2016, having confirmed that the *Rupiah Murni* allocation would be insufficient to recruit the additional facilitators needed to support the Village Law, the MoV agreed to implement a three-month transition strategy to reform the facilitation structure, including the recruitment, performance evaluation and training of all existing and new facilitators.

After intensive consultation with the implementation support team and procurement team, the MoV finalized the recruitment guidelines on May 20th, 2016. The recruitment of the new facilitators commenced in early June 2016 and is targeted to hire approximately 19,000 new facilitators to be placed at the village, sub-district and district levels. A preliminary result received verbally from the MoV in mid-June 2016 emphasized that the number of candidates who have passed the recruitment tests is still below the target, therefore the MoV has requested to have the facilitator quota be filled by a second recruitment batch. It is expected that the second batch of recruitment will be conducted by early July 2016 and will be sufficient for fulfilling the quota of facilitators needed;

- **Implementation Support Mission**

As part of its support to the MoV, the implementation team conducted a technical joint mission with the MoV on June 20-25, 2016 across six provinces; Lampung, East Java, Bali, North Kalimantan, Central Sulawesi and Papua. The main goals of the mission are to review: (i) the status of the Rural closure; (ii) progress of the facilitator (*pendamping desa*) recruitment, mobilization and management of the facilitators; and (iii) the implementation of the Village Law. The kick-off meeting has been completed on June 6, 2016 at the MoV office. Given that the MoV was unable to join the mission due to scheduling conflicts, findings from the mission will be shared and discussed with the MoV in July 2016 (Q3/2016);

- **Pre-service Training for Facilitators**

Based on the agreement between the MoV and the Bank on February 5th, 2016, new facilitators must receive at least five days of pre-service training before being mobilized to the field. The curriculum has been finalized on June 7, 2016 and is now under review by the implementation team. Meanwhile, the MoV has submitted a bid document for the procurement of a non-consulting Event Organizer (EO) for the Training of Community Empowerment Specialists (TAPs) and village facilitation personnel on May 17, 2016. In consultation with the procurement team, the implementation team has reviewed, provided inputs and returned the document with a conditional agreement to the MoV on June 8, 2016. As a result, the MoV is now able to begin contracting the EOs to provide logistical support services for conducting training of trainers and the pre-service trainings of all facilitators held in the provincial and district levels; and

- **Administration Support Firms (ASF) Contract**

In line with the spirit of the Village Law, the MoV has agreed to provide its best support by hiring 10 firms to manage national and regional consultants. In consultation with the implementation team, the MoV prepared the recruitment guidelines and submitted the guidelines on March 21, 2016. In addition, on May 19, 2016, the MoV sent the selection results of over 13 out of 17 Team Leader (TL) and Deputy Team Leader (DTL) positions for the NMC) 1, NMC 2 and RMCs) 1-7. The implementation support team has reviewed and encouraged the MoV to continue the re-selection process for the positions of NMC 2: (i) TL; (ii) DTL of the Implementation of Village Development; (iii) DTL of the Supervision of Village Development; and (iv) DTL of the Publication of Village Development. It is expected that all position could be fully in place by early July 2016. In the meantime, while waiting for key positions in the provincial levels to be filled, the implementation support team advised the MoV to reactivate the key specialists for the position of TL, DTL, Financial Management (FM) and Human Resources Development (HRD). The reactivation process will be take place over a two-month period starting from May 2016.

Critical challenges

- As of June 2016, the status of facilitator recruitment experienced a significant delay, resulting in a high vacancy rate of approximately 48 percent (from a total of 40,000 facilitators needed to support VL implementation). A further contribution of the high vacancy rate is the vacated positions from ex-PNPM facilitators, whose contracts were terminated on May 31, 2016. This critical condition has severely impacted the VL facilitation process, in particular the preparation of receiving a second tranche of village fund disbursements in August 2016; and
- The development of training modules has not yet been started despite urgent needs to have new facilitators in place due to the expected funding closure in December 2016. Given that facilitators are required to receive pre-service training before being mobilized according to the agreement between the MoV and the Bank on February 5, 2016, delays in developing training modules will further contribute to delays in mobilizing the facilitators. This will make it difficult for the MoV to speed up the finalization of modules as well as prepare the qualified trainers and event organizers to provide technical support during the training.

Activities planned during the next quarter

During the next quarter, activities of the implementation support team would be focused on the following areas:

- **Findings from the Implementation Support Mission.** The implementation support team will share and discuss findings from the mission with the MoV in the second week of July 2016. An aide memoire will also be prepared and shared with the MoV in order to improve the project as well as the facilitators' ability to manage the Village Law;
- **Training Materials.** Parallel with the recruitment process, the implementation team will assist the MoV in developing training modules, including topics on the socialization of the Village Law, facilitation skills, village planning and budgeting, village regulations and village trainings. A three-day workshop will also be conducted in July 2016 to finalize the modules. It is expected that the training module could be finalized by the end of July 2016 (Q3/2016);
- **Empty position of Team Leader and Deputy Team Leader positions.** To ensure sufficient capacity to fulfill existing commitments and meet reporting requirements, it will be critical that the MoV fills all TL and DTL positions by early July, 2016. However, as of June 4, 2016, the MoV has only filled 13 of the 17 TL and DTL positions, and has yet to appoint key specialists. The delay can be attributed to the high turnover of official staff appointed to Echelon 2 and 3

positions within the Ministry, which has resulted in a lack of clarity, direction and follow up regarding the appointment of key consultants. However, with the recent appointment of a new Director, Head of the Technical Program and Head of the National Secretariat, it is expected that the appointment of key consultants will begin to progress more smoothly; and

- **Workplan 2016.** In order to more easily manage the facilitators, it is agreed that the MoV would submit work plans for (i) Facilitation Recruitment; (ii) Performance Evaluation of all current Facilitators; and (iii) Pre-Service Training for the Bank's prior review, as well as grant an extension of the deadline for the completion of the transition from the Rural project to the Village Law implementation. The implementation support team will continue to assist the MoV to finalize the workplan by July 2016 (Q3/2016).

Key Performance Indicators

Indicator	Baseline	Cumulative Target	Cumulative Achievements	VAR	Target for 2016	Achieved in Q2 2016	VAR	Remarks
Project Development Objective: To provide technical support, guidance and supervision to the overall Rural activities through field-based monitoring and support, governance, fiduciary, M&E								
MoVDAT's ¹ capacity to manage the various Rural ² operations under its mandate is enhanced.	Rural operation managed by PPMD in MoVDAT.	A joint secretariat established; MIS and Complaint Handling System (CHS) overhauled.	<ul style="list-style-type: none"> Rural operations moved from the MoHA (PMD) to the MoVDAT (PPMD) Secretariat for Rural closure and the Village Law implementation is established MIS redesign completed CHS redesign completed. 	On track The new MIS has not been utilized.	The closure of Rural managed properly and final report submitted.	<ul style="list-style-type: none"> The secretariat under the MoV has been reactivated in June 2016 ASFs contract has been awarded and TLs and DTLs at national and regional levels have been contracted. 	<ul style="list-style-type: none"> New MIS developed through MoHA has not been utilized in the MoV The final report on the Rural closure has not been submitted by the MoV. 	Due to an internal issue between the MoHA and the MoV, the Rural data has not been handed over to the MoV, therefore the development of the Rural final report will be delayed.
Field supervision, system reviews & studies help shape the policy dialogues on Village Law (and Rural closure).	n/a	Field findings translate into strategic reform agenda for Rural ¹ and/or Village Law.	<ul style="list-style-type: none"> Inputs and advice to the MoVDAT on developing guidelines for recruiting field facilitators and consultants at the sub-district and district levels have been provided by the PSF team. 	On track	Field facilitators are recruited, trained, and mobilized.	TORs of all facilitator positions have been finalized and recruitment of new facilitators has been completed in June 2016.	The current recruitment is unable to fulfill the number of facilitator vacancies needed.	<ul style="list-style-type: none"> The PSF will continue to provide policy and operational advice to the MoVDAT with regards to the Rural closure and the Village Law implementation The first batch of recruitments could not fulfill the quota of facilitators needed, therefore, a second recruitment should be conducted.

¹ Following the Presidential Decree no.12/2015, the implementing agency for Rural has been changed from Ministry of Home Affairs (MoHA) to Ministry of Village, Disadvantage Area and Transmigration (MoVDAT).

² Rural will be closed in December 2016 and will continue with the Village Law implementation.

Key Performance Indicators

Indicator	Baseline	Cumulative Target	Cumulative Achievements	VAR	Target for 2016	Achieved in Q2 2016	VAR	Remarks
Component 1: Increase risk-based implementation support to Rural, to assess the effectiveness of existing management systems and assist the strengthening of these system as needed								
# of risk based supervision p.a.	4 p.a.	6 p.a.	2 p.a.	-4 p.a.	2 p.a.	1 p.a.	-1 p.a.	The implementation support mission held on February 22-26, 2016 and June 20-25, 2016.
Follow-up on field findings with PPMD (MoVDAT)	n/a	Quarterly	Delayed in 2015	Delayed	Quarterly	Quarterly progress report provided by the MoHA/MoVDAT has been delayed since January 2015. The last quarterly progress report was received in December 2014.	Delayed	The MoV has not submitted a quarterly report since 2015. The team continues to follow-up with the MoV on submitting the quarterly report.
# & type of thematic studies & performance conducted ⁱⁱ	n/a	n/a (as needed)	8 studies completed	On track	n/a	1 study completed	1 study completed	An evaluation on Rural beneficiary satisfaction, economic impacts and quality of infrastructures is being conducted starting in October 2015. The evaluation report will be ready in the first quarter of 2016.
Practical tools developed to improve contract management & oversight	n/a	New contract monitoring tools commonly used.	Tools finalized and shared with PMD	Achieved	n/a	n/a	Tools finalized and shared with PMD	This activity was completed in 2015.
Impact of a more comprehensive approach to	n/a	Capacity building and facilitation recognized in	<ul style="list-style-type: none"> Enhanced Empowerment Experiment (EEE) implementation 	On track	<ul style="list-style-type: none"> Pre-service training for all 	<ul style="list-style-type: none"> Pre-service training curriculum has been 	Delays in conducting pre-service training for	Training modules would be developed and finalized in July 2016.

Key Performance Indicators

Indicator	Baseline	Cumulative Target	Cumulative Achievements	VAR	Target for 2016	Achieved in Q2 2016	VAR	Remarks
capacity building and facilitation is demonstrated		the Village Law	<p>discontinued since the Village Law introduction</p> <ul style="list-style-type: none"> • Policies and operational advice provided for the Village Law. 		<p>village facilitators are conducted</p> <ul style="list-style-type: none"> • Refresher training for Rural Closure and implementation of Village Law is conducted. 	developed, while the modules are still under discussion.	new recruited facilitators.	
Component 2: Increased stakeholders involvement in project preparation and implementation support								
Joint government and/or donor review missions	2 missions p.a.	3 missions p.a.	1 missions p.a.	-2 missions p.a.	2 missions p.a.	1 missions p.a.	-1 mission p.a.	Joint mission with the MoV has been conducted on June 20-25, 2016 for reviewing facilitator recruitment and following up on the findings from the previous mission.
Intensive dialogue with PMD (MoHA)/PPMD (MoVDAT) and other government stakeholders on Rural/Village Law	n/a	Customized approach for remote areas, starting with Papua.	Intensive dialogues have been conducted with PMD and government stakeholders by way of providing inputs and recommendations to the government policies to support Rural/the Village Law.	On track	Monthly	Intensive dialogue with the MoVDAT is always conducted several times a month in relation to the implementation of Village Law.	On track	The discussion with the Government is focused on the Rural completion and implementation of the Village Law, including recruitment and mobilization of new facilitators, the annual workplan 2016, and the ASFs.
Customized approach	n/a	Monthly coordination	<ul style="list-style-type: none"> • Papua Desk at the PMD secretariat established 	On track	n/a	<ul style="list-style-type: none"> • No further discussion on 	Delays for a specific	A specific manual for remote areas is not

Key Performance Indicators

Indicator	Baseline	Cumulative Target	Cumulative Achievements	VAR	Target for 2016	Achieved in Q2 2016	VAR	Remarks
developed for remote areas (e.g. Eastern Indonesia), starting with Papua.		meetings (ad-hoc workshops to discuss specific issues).	<ul style="list-style-type: none"> • Meetings held quarterly • Discussion on the importance of revising the project manual (Petunjuk Teknik Operasional, PTO) for Papua. 			Papua or East Indonesia issues. <ul style="list-style-type: none"> • An additional number of facilitators will be provided to assist with the village law implementation in remote areas. 	manual (PTO), but an extra number of facilitators will be provided.	available yet.

ⁱ Roadmap of Rural is no longer relevant and subject to the change into the implementation of Village Law.

ⁱⁱ Some of these studies are co-financed by other PSF trust funds. The previous indicator on developing strategy for economic inclusion has been deleted since it is no longer relevant to activities under Rural Implementation Support.