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Enabling poor rural people
to overcome poverty

President's report

Proposed loan and grant to the Republic of Indonesia for the

National Programme for Community Empowerment in Rural Areas Project

Executive Board — Ninety-fourth Session
Rome, 10-11 September 2008

For: Approval

Note to Executive Board Directors

This document is submitted for approval by the Executive Board.

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Abbreviations and acronyms

IDA	International Development Association
PNPM	National Programme for Community Empowerment
PMD	Directorate General of Rural and Community Empowerment (Ministry of Home Affairs)

Recommendation for approval

The Executive Board is invited to approve the recommendation for the proposed loan and grant to the Republic of Indonesia for the National Programme for Community Empowerment in Rural Areas Project, as contained in paragraph 34.

Map of the project area

Indonesia

National Programme for Community Empowerment



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

Map compiled by IFAD

Republic of Indonesia

National Programme for Community Empowerment in Rural Areas Project

Financing summary

Initiating institution:	Government of the Republic of Indonesia
Borrower:	Republic of Indonesia
Executing agency:	Ministry of Home Affairs – Directorate General of Rural and Community Empowerment
Total programme cost:	US\$7.35 billion
Amount of IFAD loan:	SDR 42.03 million (equivalent to approximately US\$68.13 million)
Amount of IFAD grant:	SDR 246,800 (equivalent to approximately US\$0.40 million)
Terms of IFAD loan:	40 years, including a grace period of 10 years, with a service charge of three fourths of one per cent (0.75 per cent) per annum
Cofinancier(s):	World Bank and International Development Association (IDA)
Amount of cofinancing:	US\$1.62 billion
Terms of cofinancing:	Blending of credit from the International Development Association and loans from the International Bank for Reconstruction and Development
Contribution of borrower:	US\$4.86 billion
Contribution of beneficiaries:	US\$807.60 million
Appraising institutions:	World Bank and IFAD
Cooperating institution:	World Bank

Proposed loan and grant to the Republic of Indonesia for the National Programme for Community Empowerment in Rural Areas Project

I. The programme

A. Main development opportunity addressed by the programme

1. The National Programme for Community Empowerment (PNPM) represents the Government's long-term commitment to promoting greater participation of the rural population in rural development, improved governance and better poverty reduction programmes, and to developing a policy agenda for poverty reduction and the institutional capacities required to support such an agenda. IFAD support to the PNPM will aim at reducing poverty and improving local-level governance in rural areas through the provision of investment resources to support productive proposals developed by communities, using a participatory planning process.

B. Proposed financing

Terms and conditions

2. It is proposed that IFAD provide to the Republic of Indonesia a loan in the amount of SDR 42.03 million (equivalent to approximately US\$68.13 million), on highly concessional terms, and a grant in the amount of SDR 246,800 (equivalent to approximately US\$0.40 million) to help finance the National Programme for Community Empowerment in Rural Areas Project. The loan will have a term of 40 years, including a grace period of 10 years, with a service charge of three fourths of one per cent (0.75 per cent) per annum.

Relationship to the IFAD performance-based allocation system (PBAS)

3. The allocation defined for Indonesia under the PBAS is US\$68.533 million over the 2007-2009 allocation cycle.

Country debt burden and absorptive capacity of the State

4. Total external debt was 55 per cent of GNI in 2005. The ratio of debt service payments to exports of goods and services was 22 per cent in 2004. International reserves represented about eight months of imports and foreign debt payments in 2003, with 7.4 months anticipated for 2008. Indonesia services its loans regularly and has a relatively good absorptive capacity.

Flow of funds

5. Funds from the IFAD loan will flow to a special account maintained in United States dollars operated by the Ministry of Finance to provide funds for all IFAD disbursement categories. IFAD grant funds will flow to a grant bank account maintained in United States dollars operated by the Ministry of Finance, for the operations of the agreed grant-financed activities.

Supervision arrangements

6. The cooperating institution for the IFAD financing for PNPM is the World Bank. IFAD will participate in the supervision missions.

Exceptions to IFAD General Conditions for Agricultural Development Financing and operational policies

7. In order to achieve the highest level of harmonization with the rules and procedures of the World Bank/IDA, an exception to the application of article XI, section 11.01, on taxation, and article IV, section 4.10, on eligible expenditure, of the General Conditions for Agricultural Development Financing is sought to allow loan and grant proceeds to be used to finance expenditures including taxes to the same extent as permitted under the World Bank/IDA financing in cases where tax exemptions are not available.

Governance

8. The following planned measures are intended to enhance the governance aspects of the IFAD financing: (i) the communities will monitor programme progress; (ii) the programme management unit will prepare memorandums of understanding with local participating banks and require additional controls on the community accounts; (iii) the programme will create a national financial management oversight and training unit within PMD staffed by at least seven qualified specialists; (iv) PNPM's anticorruption strategy draws heavily on the Indonesia anticorruption framework and on the recently issued World Bank reference guide, Fiduciary Management for Community-driven Development Projects; (v) a master database will record corruption allegations against PNPM from all sources and will form the quantitative basis for measuring PNPM's performance; and (vi) PNPM will include a complaints-handling mechanism through which community members and the public can channel complaints or inquiries.

C. Target group and participation

Target group

9. PNPM will be a national programme from 2009-2015 with funds provided to each rural subdistrict. Its target group will therefore be an estimated 117.8 million people (31.8 million rural households). Of this total, 20 per cent, or 23.6 million people (6.4 million households), live below the national poverty line, and another 29 per cent, or 34 million people (9.2 million households), live above the poverty line but are vulnerable to falling into poverty. Under IFAD support to PNPM, IFAD will provide targeted support for agricultural development in 8 districts and 28 rural subdistricts in two provinces that are largely populated by indigenous and ethnic populations, Papua and West Papua.

Participation

10. Communities in the subdistricts will carry out most programme activities and monitor and check programme progress at the village level. Local communities and community-based organizations, such as tribal groups, will participate in programme implementation.

D. Development objectives

Key project objectives

11. The overall objective of IFAD support to PNPM is to contribute to the realization of the Government's development goals of reducing poverty and improving local-level governance in rural areas through the provision of investment resources to support productive proposals developed by communities, using a participatory planning process.

Policy and institutional objectives

12. The IFAD support will help develop capacity for policy analysis within PMD for formulation of pro-poor policies and approaches. PMD will document and analyse the experience and lessons learned, best practices and innovations from poverty reduction programmes for subsequent incorporation into national government strategies and programmes.

IFAD policy and strategy alignment

13. The IFAD support to PNPM programme design is aligned with the IFAD Strategic Framework 2007-2010 and the country strategy for Indonesia, in the following areas: (i) improving access of the poor to resources, technology and markets; (ii) helping the rural poor to overcome poverty by strengthening their capacity and that of their organizations; (iii) targeting the poorest areas, and rural poor and marginalized groups; (iv) ensuring participation of the beneficiaries in programme design and implementation; (v) mainstreaming gender; (vi) promoting accountable governance; (vii) building partnerships with other like-minded donors; (viii) engaging the Government in policy dialogue on selected issues; and (ix) establishing mechanisms for beneficiary monitoring and institutionalizing impact assessments.

E. Harmonization and alignment

Alignment with national priorities

14. PNPM is the Government's priority framework for all future community empowerment and poverty reduction programmes in Indonesia. The IFAD financing of PNPM will support the implementation of the Government's National Medium-term Development Plan 2004-2009 and the achievement of the Millennium Development Goals.

Harmonization with development partners

15. The IFAD support to PNPM will be consistent with the ongoing harmonization and alignment of development approaches, systems and procedures.

F. Components and expenditure categories

Main components

16. The programme will have four components: (i) block grants; (ii) facilitation and training; (iii) implementation support and technical assistance; and (iv) support for programme management.

Expenditure categories

17. The main expenditure categories are: block grants (88 per cent); facilitation support (7 per cent); implementation support/technical assistance, goods, consultant services, training and workshop (4 per cent); and unallocated (1 per cent).

G. Management, implementation responsibilities and partnerships

Key implementing partners

18. Key implementation partners include: (i) members of the local communities; (ii) facilitators and staff at subdistrict, district and provincial levels; (iii) NGOs and private-sector service providers; and (iv) the Coordinating Ministry for People's Welfare, the National Planning Agency and the Ministry of Home Affairs.

Implementation responsibilities

19. The Ministry of Home Affairs will be the lead programme agency for PNPM. To provide policy oversight and operational management for PNPM, the Ministry has formed the PNPM National Secretariat, which also contracts and supervises all consultants. The national management consultants will provide overall technical supervision and support. The Government plans to form provincial and district poverty reduction boards, which will mirror the Interministerial Poverty Reduction Committee at national level to coordinate and promote cooperation among all PNPM programmes. Within the subdistrict, communities will carry out planning through the village councils. Each subdistrict and village council will form a small team each year to implement the programme and to help maintain programme records. The subdistrict facilitator will assist the community group in preparing the programme financial report of sub-grant implementation. The subdistrict facilitator will be responsible for controlling and monitoring any risk of overlap among different programmes operating in the same village.

Role of technical assistance

20. The role of technical assistance will be to provide capacity-building, technical backstopping and advice to local staff to enhance their capacities and the quality of their service delivery.

Status of key implementation agreements

21. The project financing agreement will govern project implementation. Local communities will implement planned PNPM activities and block grant-supported investments through village councils. A project manual will be developed for the PNPM implementation.

Key financing partners and amounts committed

22. The total PNPM programme cost is US\$7.35 billion over seven years, financed by an IFAD loan of US\$68.13 million (1 per cent) and an IFAD grant of US\$0.40 million (0.4 per cent); credit and loans of US\$1.62 billion from the World Bank (22 per cent); government counterpart funds of US\$4.86 billion (66 per cent); and a beneficiary contribution of US\$807.60 million (11 per cent).

H. Benefits and economic and financial justification

Main categories of benefits generated

23. The benefits of PNPM will include those deriving from rural road and bridge construction, drinking water supplies, sanitation, small-scale irrigation, market infrastructure, rural electrification and the construction and equipment of social infrastructure (schools and health posts). PNPM will increase access to vital services. It is expected that local communities will use the block grants for investment in public goods that will improve rural livelihoods, e.g. through crop and livestock development, market linkages and value chain development. A major benefit of PNPM will be its impact on rural household expenditure and the provision of local employment. Around 3.8 million people a year can expect to gain some employment: at an average of 11 days work, this will create a total of 41.8 million days of employment.

Economic and financial viability

24. An initial economic analysis shows a weighted average economic internal rate of return (EIRR) of 60 per cent. The EIRRs for each type of infrastructure averaged over the four provinces are water supply (39 per cent), roads/bridges (52 per cent) and irrigation (68 per cent).

I. Knowledge management, innovation and scaling up

Knowledge management arrangements

25. IFAD support will help PMD document and analyse the experience and lessons learned, best practices and innovations from poverty reduction programmes for subsequent incorporation into national and local government strategies and programmes. This could, for example, include issues related to rural development and poverty reduction in remote areas, poverty targeting, the sustainability of community development programmes and their integration into local government planning and development.

Development innovations that the project will promote

26. This will be the first time that an IFAD project investment in Indonesia cofinances a nationwide rural poverty reduction programme initiated and led by the Government to achieve agreed development objectives, following harmonized approaches and procedures.

Scaling-up approach

27. It is expected that the IFAD support to agricultural and economic development will provide valuable lessons and experience that the Government will use to scale up its investment in these areas.

J. Main risks

Main risks and mitigation measures

28. The main risks and planned mitigation measures are the following: (i) Inadequate fiduciary controls enable corruption and a failure to meet development objectives: develop further a risk-based control framework; revise the audit manual to increase sampling and promote dissemination of findings; offer financial management training; and increase social controls. (ii) Late budget releases cause delays: improve the internal administration of the Ministry of Home Affairs to accelerate budget preparation and discuss budget releases and revisions with the Ministry of Finance. (iii) Insufficient new funding lowers benefits and/or indicative budgets provided by parliament fall short of full funding: seek additional funds from the consolidation of other projects/programmes. (iv) The 2008/2009 elections entail

various political risks: minimize by adjusting the timing of certain disbursements, community education and socialization, and by temporarily suspending activities. (v) Not enough facilitators and consultants are recruited to meet the needs: the Government will adopt a strategy for the rapid recruitment and training of new facilitators and consultants, which will involve the extension of existing consultants' contracts and enhanced training programmes. (vi) Management capacity of the executing agency for the scaled-up programme is weak: the PMD of the Ministry of Home Affairs is taking actions to improve management. (vii) Local government is insufficiently engaged to ensure programme sustainability: enhance local government participation through facilitation support (component (ii)).

Environmental classification

29. The PNPM programme has been classified as a Category B operation in that it is not likely to have any significant negative environmental impact.

K. Sustainability

30. PNPM is expected to be sustainable because strong community participation ensures buy-in and demand; and local government participation ensures that the process receives additional support, is incorporated into institutional frameworks and is scaled up.

II. Legal instruments and authority

31. A project financing agreement between the Republic of Indonesia and IFAD will constitute the legal instrument for extending the proposed financing to the borrower. Important assurances included in the negotiated agreement are attached as an annex.
32. The Republic of Indonesia is empowered under its laws to borrow from IFAD.
33. I am satisfied that the proposed financing will comply with the Agreement Establishing IFAD.

III. Recommendation

34. I recommend that the Executive Board approve the proposed financing in terms of the following resolution:

RESOLVED: that the Fund shall make a loan to the Republic of Indonesia in various currencies in an amount equivalent to forty-two million thirty-three thousand three hundred special drawing rights (SDR 42,033,300) to mature on or prior to 1 September 2048 and to bear a service charge of three fourths of one per cent (0.75 per cent) per annum, and to be upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

RESOLVED FURTHER: that the Fund shall provide a grant to the Republic of Indonesia in various currencies in an amount equivalent to two hundred forty-six thousand eight hundred special drawing rights (SDR 246,800) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Lennart Båge
President

Important assurances included in the negotiated project financing agreement

(Negotiations concluded on 6 August 2008)

Objectives of the project

1. The Government of the Republic of Indonesia (the Government) will declare its commitment to the objectives of the project. To this end, the Government will carry out the project through the Ministry of Home Affairs of the Government and in accordance with the provisions of the financing agreement.

PNPM

2. The Government will ensure that PNPM remains a priority programme throughout the project implementation period and will inform IFAD of any realignment of the PNPM roadmap which may impact on the implementation of the project activities.

PMD

3. The Government will ensure that PMD includes appropriate indicators and system to monitor and evaluate the impact of the activities financed by IFAD.

Project manual

4. The Government will ensure that the project manual is available to beneficiaries nation-wide to inform them on the opportunities to use the block grants for investment in activities which can improve rural livelihood such as agriculture and livestock development, market linkages and value chain development as prioritized by local communities.

Papua and West Papua

5. (a) The Government will ensure that the facilitation support for Papua and West Papua includes funds for training of selected indigenous Papuans to be village agriculturalists and for associated sub-districts or administrative sub-divisions of a *Kabupaten (Kecamatans)* agricultural facilitators, districts or administrative sub-divisions of the province of the Government (*Kabupatens*) consultants and other technical and managerial support.
- (b) The Government will ensure that the provincial governments in Papua and West Papua provide block grants to villages under the strategic plan for human centred villager development of the governments of Papua and West Papua provinces of the Government (RESPEK) programme throughout the project implementation period.

Selection of Kecamatan

6. The Government will ensure that each provincial regional development planning agency of the Government (*Bappeda*) provides an annual consolidated list of proposed *Kecamatans* to the PMD secretariat (PMU) and IFAD, no later than 30 November each year for the following fiscal year. The Government will ensure that the annual approved consolidated list of participating *Kecamatans* will be made available to the public free of charge as of 31 December of each project year.

Disclosure of information

7. The Government, through the relevant head of a *Kabupaten (Bupatis)* and the *Kabupaten* officers at the *Kecamatan (Camats)*, will issue by 31 October of each project year and until the project completion date, public information disclosing to villagers and their representatives all administrative, financial, social, procedural, technical and environmental aspects pertaining to the selection, design, preparation and implementation of the projects financed under block grants.

Land tenure

8. The Government will ensure that adequate measures are taken to safeguard traditional land use rights.

Gender

9. The Government will ensure that gender equity considerations are integrated into all project activities during the project implementation period. The Government will ensure that at least 40 per cent of participants in the village annual planning and beneficiary impact workshops are women. The Government will endeavour to raise this target.

Indigenous people concerns

10. The Government will ensure that the concerns of indigenous people are given due consideration in implementing the project and, to this end, will ensure that:
 - (a) The project is carried out in accordance with the applicable provisions of the relevant indigenous people national legislation.
 - (b) Funds be provided under the facilitation and training component for training indigenous Papuans.
 - (c) Indigenous people are adequately and fairly represented in all local planning for project activities.
 - (d) Indigenous people rights are duly respected.
 - (e) Indigenous people communities participate in policy dialogue and local governance.
 - (f) The terms of Declarations, Covenants and/or Conventions ratified by the Government on the subject are respected.
 - (g) The project will not involve encroachment on traditional territories used or occupied by indigenous communities.

Pest management

11. The Government will comply with the International Code of Conduct on the Distribution and Use of Pesticides and ensure that pesticides procured under the project do not include any pesticides classified as extremely hazardous or highly hazardous by the World Health Organization.

Sound environmental practices

12. As part of maintaining sound environmental practices, the Government will (i) enforce policies and measures to safeguard forest and fishery resources and endangered species in the project area; (ii) ensure that all irrigation development under the project utilise gravity supplies or shallow wells and take such other steps as may be necessary to avoid adverse impact on groundwater levels; and (iii) ensure that all rehabilitation of existing roads and upgrading of tracks will include an adequate number of cross drainage structures and the design thereof will be preceded by and otherwise take account of a review of local hydrology.

Insurance of project personnel

13. The Government will insure key project personnel against health and accident risks to the extent consistent with its customary practice in respect of its national civil service.

Fraud and corruption

14. The Government will promptly bring to the attention of IFAD any allegations or concerns of fraud and/or corruption in relation to the implementation of the project of which it has knowledge or becomes aware. The Government, through the Minister of Finance, will confirm by writing to the complainant communities the decisions rendered by the Court on corruption complaint and return any funds recovered to the claimant communities, in accordance with the PNPM manual for handling complaints.

Monitoring

15. The PMD with the assistance of the project management unit or PMD secretariat (PMU), will establish, as soon as practicable but in no event later than six months after the effective date, and thereafter maintain an appropriate information management system.

Evaluations

16. The Government and each project party will facilitate all evaluations and reviews of the project that IFAD may carry out during the project implementation period.

Suspension

17. (a) IFAD may suspend, in whole or in part, the right of the Government to request withdrawals from the loan account and the grant account if:
- (i) IFAD, after consultation with the Government, has determined that the material benefits of the project are not adequately reaching the target group, or are benefiting persons outside the target group to the detriment of target group members.
 - (ii) The right of the Government to withdraw the proceeds of the cofinancing has been suspended, cancelled or terminated, in whole or in part, or the cofinancing has become due and payable prior to the agreed maturity thereof; or any event has occurred which, with notice or the passage of time, could result in any of the foregoing.
 - (iii) The sub-project agreements, or any provision thereof, have been violated or have been waived, suspended, terminated, amended or otherwise modified, and IFAD has determined that such violation or waiver, suspension, termination, amendment or other modification has had, or is likely to have, a material adverse effect on any portion of the project.
 - (iv) The project manual, or any provision thereof, has been waived, suspended, terminated, amended or modified without the prior consent of IFAD, and IFAD has determined that such waiver, suspension, termination, amendment or modification has had, or is likely to have, a material adverse effect on the project.
 - (v) A repeal, invalidation, suspension, amendment or other change to any national Law may result in detriment of any of the terms and conditions of the financing agreement.
 - (vi) IFAD has given notice to the Government that credible allegations of corrupt or fraudulent practices in connection with the project have come to the attention of IFAD, and the Government has failed to take timely and appropriate action to address the matters to the satisfaction of IFAD.
 - (vii) Procurement has not been or is not being carried out in accordance with the cofinancing agreements.
- (b) Notwithstanding the above, if the audit required has not been satisfactorily concluded within twelve months of the financial reporting date set forth in the financing agreement, IFAD will suspend the right of the Government to request withdrawals from the loan and grant account.

Conditions precedent to withdrawal

18. (a) No withdrawal will be made until the Government will have duly opened the Special Account and the grant bank account.
- (b) No withdrawal will be made in respect of expenditures under the component block grants under the loan and the grant unless a sub-project agreement has been concluded to this effect on terms and conditions set forth in the financing agreement and the project manual.

Conditions precedent to effectiveness

19. The financing agreement will become effective subject to the fulfilment of the following conditions precedent:
 - (a) The Government, through PMD, will have established the PMU and appointed the project manager.
 - (b) The project manual has been approved in draft, a copy of the project manual as adopted by the Government, has been delivered to IFAD.
 - (c) The draft first annual work plan and budget including a first procurement plan has been submitted to IFAD.
 - (d) The financing agreement has been duly signed, and the signature and performance thereof by the Government has been duly authorized and ratified by all necessary administrative and governmental action.
 - (e) The Government will have delivered to IFAD a legal opinion issued by the Bureau of Legal Affairs of the Ministry of Finance of the Government and in form and substance acceptable to IFAD.

Key reference documents

Country reference documents

Poverty Reduction Strategy Paper

IFAD reference documents

Programme Design Document (PDD), Key Files (April 2008) and Working Paper 2 (June 2008)

COSOP (1998)

IFAD Strategic Framework 2007-2010

Prerequisites of Gender-Sensitive Design

Logical framework¹

Programme Development Objective	Outcome Indicators ²	Use of Outcome Information
Villagers in <i>PNPM</i> locations benefit from improved socio-economic and local governance conditions.	<ul style="list-style-type: none"> Improved household expenditure rates and improved access to economic and social services in a minimum of 4 000 <i>kecamatan</i>s in 2009 and thereafter. EIRRs >30 per cent for major rural infrastructure types. Reduction in child malnutrition in 140 target communities in Papua and West Papua. >80 per cent satisfaction levels from beneficiaries regarding improved services and local level governance. 	Determine if <i>PNPM</i> is having its desired effects on socio-economic welfare.
Intermediate Results (One per Component)	Results Indicators for Each Component	Use of Results Monitoring
Component (A): Kecamatan Block Grants Villagers participate in a process to plan, select and manage basic social and economic infrastructure provided through block grants.	Component (A): Kecamatan Block Grants <ul style="list-style-type: none"> Min. 40 per cent participation rate of women and poorest community members in planning and decision-making meetings 85 per cent of agreed work plans completed each year. #/type of infrastructure works, economic, and education and health sub-programmes/activities completed in a minimum of 4 000 <i>kecamatan</i>s from 2009 until 2015. #/type of agricultural and livestock related investments completed in a minimum of 28 <i>kecamatan</i>s in Papua and West Papua. #/type of agricultural activity groups operating in Papua and West Papua, and participation of women as group leaders and committee members. >70 per cent of infrastructure works are evaluated as of high quality. O&M arrangements are in place and functioning for >80 per cent of infrastructure works. 	Component (A): Kecamatan Block Grants <ul style="list-style-type: none"> Assess if <i>kecamatan</i> sites are benefiting from <i>PNPM</i> financing and assistance. Assess if planning and inclusion procedures and policies need adjustment to encourage greater participation. Determine if programme needs to increase its inspection and supervision of technical works and O&M arrangements.
Component (B): Facilitation Support - Developing Local Government Capacities for Successful Community Development. Local government councils use their new skills to fulfil their local community development functions.	Component (B): Facilitation Support - Developing Local Government Capacities for Successful Community Development. <ul style="list-style-type: none"> >70 per cent of local government councils are actively involved in <i>PNPM</i> management and oversight. Village agriculturalists operate in 140 villages in Papua and West Papua over seven years. 	Component (B): Facilitation Support - Developing Local Government Capacities for Successful Community Development. Review to see if training and capacity building plans need adjustment and if learning interventions meet the needs of the councils to perform satisfactorily their new duties.
Component (C): Consultants, Training, Printing Consultants at the national, provincial and <i>kabupaten</i> levels are providing assistance to communities and local governments to implement <i>PNPM</i> with the results of M&E activities and studies used to improve programme performance.	Component (C): Consultants, Training, Printing <ul style="list-style-type: none"> >70 per cent of planned consultant positions are filled and consultants are trained by the time the programme begins its annual socialization and planning cycle. >70 per cent of study and evaluation findings used to improve the programme. From 2009 <i>kecamatan</i> audit sample size increases to 15 per cent of all <i>kecamatan</i> and audit results are made public. 	Component (C): Consultants, Training, Printing <ul style="list-style-type: none"> Determine if technical assistance is in place and operating as required. Findings from M&E and studies will allow the programme to adjust and improve its operations and procedures. By announcing audits and their findings to the public, the programme expects to reduce corruption.
Component (E): Grant Financed Activities Government capacity available to develop new approaches to poverty reduction based on the lessons learned from ongoing programmes.	Component (E): Grant Financed Activities No. of new poverty reduction approaches introduced based on the analysis.	Component (E): Grant Financed Activities Review will enable the programme to see if the grant is developing policy analysis and formulation capacity.

¹ This Results Framework lists 17 results indicators. Thirteen of the 17 indicators are taken from the Government of Indonesia's Operational Guidelines for M&E for *PNPM*. The other four indicators are programme-specific and unique to management issues facing MOHA and KDP.

² Excluding the outcomes of the Conditional Cash Transfer Pilot, that will finish in 2009 with final reporting and evaluation of results in 2010.

