JAVA RECONSTRUCTION FUND PROGRESS REPORT 2011

Building on Success: Effectively Responding to Multiple Disasters
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<th>Acronym</th>
<th>Full Form</th>
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<tr>
<td>Bappenas</td>
<td>Badan Perencanaan dan Pembangunan Nasional (National Development Planning Agency)</td>
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<td>BDR</td>
<td>Bantuan Dana Rumah (Rekompak JRF housing grant)</td>
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<td>BKM</td>
<td>Badan Keswadayaan Masyarakat (Community Self-Reliance Board)</td>
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<td>BMT</td>
<td>Baitul Mal Wat Tamwil (a microfinance institution operating at the village level)</td>
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<td>BNPD</td>
<td>Badan Nasional Penanggulangan Bencana (National Disaster Management Agency)</td>
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<td>BPBD</td>
<td>Badan Penanggulangan Bencana Daerah (Provincial Disaster Management Agency)</td>
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<td>BPR</td>
<td>Bank Perkreditan Rakyat (Community Credit Bank)</td>
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<td>BUKP</td>
<td>Badan Usaha Kredit Pedesaan (Rural Credit Facility)</td>
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<td>CBDRM</td>
<td>Community-Based Disaster Risk Management</td>
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<td>CHF</td>
<td>Cooperative Housing Foundation</td>
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<td>CSO</td>
<td>Civil Society Organization</td>
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<td>CSP</td>
<td>Community Settlement Plan</td>
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<td>CSRRP</td>
<td>Community-Based Settlement Rehabilitation and Reconstruction Project (Rehabilitasi dan Rekonstruksi Masyarakat dan Permukiman berbasis Komunitas/Rekompak)</td>
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<tr>
<td>DIY</td>
<td>Daerah Istimewa Yogyakarta (Yogyakarta Special Region)</td>
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<tr>
<td>DRR</td>
<td>Disaster Risk Reduction (Penanggulangan Resiko Bencana/PRB)</td>
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<td>GOI</td>
<td>Government of Indonesia</td>
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<tr>
<td>GIZ</td>
<td>Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (German International Assistance Agency, formerly GTZ)</td>
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<tr>
<td>IDR</td>
<td>Indonesian Rupiah (currency)</td>
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<td>IMDFF-DR</td>
<td>Indonesia Multi-Donor Fund Facility for Disaster Recovery</td>
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<td>IOM</td>
<td>International Organization for Migration</td>
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<td>JRF</td>
<td>Java Reconstruction Fund</td>
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<td>LRP</td>
<td>Livelihood Recovery Project</td>
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<td>MFI</td>
<td>Microfinance Institution</td>
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<td>MPW</td>
<td>Ministry of Public Works (Kementerian Pekerjaan Umum)</td>
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<tr>
<td>MSE</td>
<td>Micro and Small Enterprises (Usaha Kecil dan Mikro)</td>
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<td>MSME</td>
<td>Micro, Small, and Medium sized Enterprises (Usaha Kecil dan Menengah/UKM)</td>
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<td>MTR</td>
<td>Mid Term Review</td>
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<tr>
<td>PNM</td>
<td>PT Permodalan Nasional Madani (A state-owned financial institution)</td>
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<td>PNPM</td>
<td>Program Nasional Pemberdayaan Masyarakat (National Community Empowerment Program)</td>
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<tr>
<td>Rekompak</td>
<td>Rehabilitasi dan Rekonstruksi Masyarakat dan Permukiman berbasis Komunitas (Community-Based Settlement Rehabilitation and Reconstruction Project/CSRRP))</td>
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<tr>
<td>SC</td>
<td>Steering Committee</td>
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<tr>
<td>SME</td>
<td>Small and Medium Enterprises (Usaha Kecil dan Menengah/UKM)</td>
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<td>TA</td>
<td>Technical Assistance</td>
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<td>TRC</td>
<td>Technical Review Committee</td>
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<tr>
<td>TTN</td>
<td>Tim Teknis Nasional (National Technical Team)</td>
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Harvesting organic rice in Kasing Mertelu Village, Yogyakarta. These farmers are among the more than 15,000 micro, small, and medium enterprises (MSMEs) in 42 villages in Yogyakarta and Central Java that have received assistance from the JRF Livelihoods Recovery projects.

(GIZ collection)
We are proud to note that the Java Reconstruction Fund (JRF) continues to make significant contributions to the recovery from the 2006 earthquake. The JRF projects showcase strong results, reaching housing, infrastructure and livelihoods targets on time and with high quality. But as importantly, they also encourage strong partnerships amongst stakeholders. Implementation has been impressive through government, communities and agencies, and exit strategies were jointly developed with local governments taking the lead. Throughout the process, provincial and district governments’ strong commitment to take forward project initiatives has been critically important.

This year we have been particularly pleased with the impressive results achieved by our livelihood projects as they are coming to closure. This US$17.2 million program not only successfully rebuilt and improved businesses affected by the 2006 earthquake, but has also contributed to strengthening the economic position of women as more than 40 percent of beneficiaries of the two projects were women entrepreneurs. Overall, the two livelihoods projects have assisted more than 15,000 Micro Small Medium Enterprises (MSMEs) in 42 villages in Yogyakarta and Central Java. One project closed in June and the other is closing in September, having helped to establish a strong financial foundation for businesses affected by disaster.

But as the recovery process from the 2006 earthquake entered its final stage, another disaster struck the regions of Central Java and Yogyakarta, reminding us of continued vulnerability. On October 26, 2010, the Merapi volcano which is located on the border of these two regions underwent a massive eruption. This was then followed by seven additional major eruptions. The disaster devastated the surrounding villages and farms, many of them originally impacted by the earthquake, and claiming over 140 lives and displaced around 350,000 people.

As Co-Chairs of the Steering Committee, we would like to extend our sympathy to the victims of this disaster. However, we are confident that this community will rise again as they have done over the last five years following the 2006 earthquake. The resilience and determination of these communities in rebuilding their lives has been the cornerstone of the success of the JRF.

We are pleased that JRF financing was one of the first initiatives to support the Government of Indonesia in response to the Merapi eruptions. As a response to governments’ request, the Steering Committee agreed to extend the scope and timeline of the Community-Based Settlement Rehabilitation and Reconstruction Project (CSRRP), or locally known as Rekompak, to respond to the Merapi eruptions. The support will include construction of housing and community infrastructure and community-based disaster preparedness planning.

We hope the commitment of all stakeholders will continue into the final year of the JRF’s mandate.
The eruptions of Mount Merapi severely disrupted the lives of people in the surrounding areas of Central Java and Yogyakarta, and triggered wide-spread evacuation of villages. Staff from JRF projects assisted with the immediate disaster response. (Fauzan Ijazah for JRF)
The Java Reconstruction Fund is an excellent example of the Government of Indonesia’s success in managing post disaster reconstruction effectively and efficiently.

The JRF’s strategic approach to post disaster reconstruction of communities and livelihoods provides a highly effective model for Indonesia and for development partners.

- **Leadership:** Reconstruction support was strongly led by the Government of Indonesia (GOI) and closely coordinated with local government from the very beginning.

- **Institutional Arrangements:** GOI worked through line ministries to coordinate and implement the reconstruction program, an approach that proved to be a good fit for the scale, scope and nature of the disaster.

- **Strategy:** Using lessons learned from the reconstruction of Aceh, GOI set out a clear strategy for reconstruction, particularly for housing, establishing a common approach and agenda for all partners to follow.

- **Implementation Decisions:** Efficient and streamlined decision making led to an impressive balance of speed and quality achieved by GOI and development partners.

Outcome: While financing through the JRF was only a small part of the overall reconstruction support, its approach to reconstruction has had huge multiplier effects with lessons for future post disaster recovery programs.

- **Over 280,000 houses were reconstructed** in less than 2 years—an unprecedented speed—and the quality of housing construction has improved overall.

- **A strong framework was established** for strengthening the ability of micro-finance institutions to provide access to finance in a post disaster setting, and extending services to previously non-bankable clients, with implications beyond the JRF.
Here, a women’s group participates in skills training to produce fabric designs. (GIZ collection)
There have been significant achievements and progress in reconstruction in the five years since a major earthquake struck Central Java on May 27, 2006. Just months later in July 2006, a tsunami hit the southern coast of West Java province, causing further significant damage. The Java Reconstruction Fund (JRF) was established in 2006 at the request of the Government of Indonesia (GOI) to support the Government’s recovery efforts in response to the earthquake and tsunami. The JRF supports the government’s rehabilitation and reconstruction program with approximately US$94 million in grant resources provided by seven donors. The World Bank serves as Trustee of the JRF, and the fund is governed by a Steering Committee comprised of Government representatives and donors.

The five projects in the JRF portfolio were in their final phase and moving towards their scheduled closing in June 2011, when disaster once again hit the region. The JRF was well positioned to respond when Mount Merapi, a volcano located on the border between Yogyakarta and Central Java, erupted on October 26, 2010. JRF operations were quickly extended until December 2012 to support the Government of Indonesia’s response to the disaster. In early January 2011 the JRF Steering Committee allocated remaining available funds of US$3.5 million for the JRF Community-Based Settlement Rehabilitation and Reconstruction Project (CSRRP/Rekompak) to address housing and infrastructure needs arising after the Merapi eruptions. This was the government’s first and most significant response to the Merapi disaster.

**Achievements**

- **Over 15,000 permanent houses** have been built
- **7,300 temporary houses provided shelter while permanent homes were reconstructed**
- **Critical community infrastructure was built** – bridges, roads, irrigation and drainage channels
- **Community planning equipped 265 villages** to better cope with natural disasters
- **15,000 micro, small and medium entrepreneurs received access to finance, technical and business development assistance to enable recovery**
The Merapi volcano located near the border between Central Java and Yogyakarta erupted in late 2010 spewing hot gases and ash as far as 5,000 meters into the atmosphere. More than 350,000 people were displaced. The JRF was well-positioned to provide strategic support to the Government of Indonesia’s response to the disaster.

The JRF Portfolio: Rebuilding Lives, Homes and Livelihoods

At the Government’s request, the JRF strategy has followed a phased approach. Early support was focused on meeting housing and community recovery needs and subsequent support focused on addressing economic recovery. The JRF has prioritized disaster risk reduction in all aspects of its program.

Restoring Housing and Community Infrastructure

By 2008, the JRF’s CSRRP/Rekompak Project had successfully met housing needs arising from the earthquake and tsunami. Approximately 99 percent of the more than 15,000 seismic-resistant core permanent houses constructed under the JRF have been occupied. Additional financing to the project will enable the reconstruction of a further 250 targeted houses affected by the eruption of Mount Merapi.
The target of 265 village-level Community Settlement Plans (CSPs) had been completed by June 30, 2011. The CSP process was used to encourage greater involvement of marginalized groups in the reconstruction of homes and community infrastructure and planning for future disasters. Community infrastructure projects such as bridges, roads, and irrigation and drainage channels are identified and built through the CSP process. Local governments expanded community settlement planning using their own resources under a “replication” phase. Beneficiary satisfaction with the infrastructure assets provided is also high.

In the early phase of reconstruction the JRF provided safe and durable transitional shelters to affected households. Nearly 7,300 temporary housing structures were built through CSRRP/Rekompak and two earlier projects focused on transitional housing.

**Restoring Livelihoods**

The two JRF Livelihoods Recovery projects were the government’s primary vehicle for livelihood recovery following the 2006 earthquake and tsunami. Working closely with local governments, they have produced significant results in supporting Micro, Small, and Medium Enterprises (MSMEs) in Central Java and Yogyakarta Special Region (DIY). The projects total US$17.2 million and are implemented by the International Organization for Migration (IOM) and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ, formerly GTZ).

These projects focused on improving access to finance, replacing assets, and providing technical assistance and enhanced business skills to more than 15,000 micro, small and medium enterprises (MSMEs) in the affected areas. Both projects have shown success in restoring MSMEs to pre-earthquake operating levels or better and made significant impacts on beneficiaries’ income, especially for women. Important outcomes have been achieved in improving access to finance for earthquake-affected MSMEs. By June 30, 2011, the GIZ Livelihood Recovery project had provided loans to more than 10,000 beneficiaries, many of whom were previously considered “non-bankable”.

Both JRF Livelihoods projects received additional financing to scale up support and implement exit strategies. Capacity building to improve sustainability and the ability of local governments to mainstream livelihood recovery and disaster risk reduction activities were an important focus of these exit strategies. A joint closing event highlighting these achievements was held in Yogyakarta in June 2012. The IOM-implemented project closed on June 30, 2011 and the GIZ project will complete its final activities and close on September 30, 2011.
In collaboration with nine local designers, batik and traditional hand loomed lurik produced by JRF Livelihoods Recovery program beneficiaries were transformed into modern attire. The fashion show was part of closing events carried out in June 2011 in Yogyakarta for the JRF livelihoods projects implemented by GIZ and IOM.
(IOM collection)

JRF Operations and Finance

Seven donors contributed a total of US$94.1 million to the Java Reconstruction Fund. An additional US$4.5 million is expected over the life of the fund in income earned on investments of JRF funds.

The JRF has fully programmed its available funds, with a total of US$94.7 million allocated to the five projects in the JRF portfolio. This includes the JRF’s allocation of US$3.5 million in additional financing to the CSRRP for responding to the Merapi eruptions, has effectively allocated all available JRF funds to projects. The program administration and project preparation and supervision costs are projected to total $3.3 million for the life of the JRF, and fully covered by the investment income.

Eighty two percent (or US$77.4 million) of JRF funds have been committed to reconstructing housing and community infrastructure. The JRF has allocated US$17.2 million to projects focusing on the recovery of livelihoods, an amount that accounts for approximately 18 percent of JRF allocations. So far about 96% of allocated funds have been disbursed to projects.

A cumulative total of US$89.9 million has been spent by projects implemented under the JRF portfolio, totaling approximately 99% of funds disbursed to these projects. The projects are expected to spend all funds allocated for project activities.
Outlook

The JRF will continue its commitment to support the post-disaster recovery of communities in Java until its closing date. The Merapi eruption presented a new area of need to which the JRF was well positioned to respond. As an existing mechanism already in place, the JRF was able to quickly respond with its final commitment of funds. The last three projects have made sustainability of project outcomes, particularly related to disaster risk reduction and preparedness, an important priority in their exit strategies. The JRF will continue its support for the reconstruction of Java from its latest disaster through the CSRRP/Rekompak until the project closes in June 2012. The JRF itself will conclude all activities and close on December 31, 2012.

The JRF’s flexibility in responding to three types of disasters---earthquake, tsunami and volcanic eruption---provides lessons for recovery and reconstruction efforts to address a range of natural disasters. Many of the disasters that occur on a regular basis in Indonesia are also similar in magnitude of impact. This too provides lessons for disaster response fit to scale. The Government of Indonesia, taking lessons from the experiences in Aceh and Java, has now established the Indonesia Multi-Donor Fund Facility for Disaster Recovery (IMDF-DR), a standing fund for disaster prevention and response activities. Lessons on prevention as well as response are being applied across Indonesia, and can provide valuable insights to inform post-disaster support globally as well.
The integration of disaster risk reduction activities (DRR) into JRF projects have made beneficiaries more responsive in managing disasters. Disaster response drills such as this simulation in Klaten District, Central Java, have made communities more aware of appropriate actions and responses in case of disasters.

(IOM collection)
The Java Reconstruction Fund (JRF) was established at the request of the Government of Indonesia (GOI) to support the Government’s recovery efforts in response to the Java earthquake of May 27, 2006, and the West Java tsunami of July 2006. A comprehensive analysis by a team of Indonesian Government and international experts estimated the total value of damage and losses sustained as a result of the earthquake and the tsunami to be over US$3 billion. The JRF was scheduled to close on December 31, 2011.

On October 26, 2010, disaster hit the region once again when Mount Merapi, a volcano located on the border between Yogyakarta and Central Java, erupted. This was followed by seven additional major eruptions, with the last one occurring on November 11, 2010. The eruptions caused widespread damage in the area. In November 2010, at the request of the Government of Indonesia, the JRF donors agreed to extend the closing date and scope of the JRF in order to respond to the Merapi eruptions.

The overall goal of the JRF is to respond to the most basic needs of the households affected by the earthquake and tsunami. The Government prioritized support for the rebuilding of housing, recovery of livelihoods and increasing the disaster preparedness of affected communities. A Mid Term Review of the program carried out in 2009 found the JRF to be a highly relevant program that has contributed substantially to the overall successful reconstruction and rehabilitation effort.

JRF donors including the European Union, the Asian Development Bank and the Governments of the Netherlands, United Kingdom, Canada, Finland and Denmark, have provided approximately US$94 million in grant resources to support the government’s rehabilitation and reconstruction program. The World Bank serves as Trustee of the JRF.

Extending JRF Operations to support the Government of Indonesia in Disaster Response

The JRF coordinates closely with the Government of Indonesia to provide post-disaster reconstruction and rehabilitation. The JRF is governed by a Steering Committee that consists of

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1 Preliminary Damage and Loss Assessment: Yogyakarta and Central Java Natural Disaster, a Joint Report by BAPPENAS, the provincial and local governments of D.I.Yogyakarta, the provincial and local governments of Central Java, and international partners, June 2006.
Government representatives and donors, with three co-chairs representing Bappenas, the World Bank as Trustee of the Fund, and the European Union. The Steering Committee sets policy and makes funding decisions for the JRF. A Secretariat supports the Steering Committee and Trustee in administering the JRF. A Technical Review Committee (TRC), with representatives from the local governments of Central Java and the Yogyakarta Special Region, provides technical review of project proposals and program activities, monitors implementation progress, and makes recommendations to the Steering Committee.

Following the eruptions of Mount Merapi, the JRF Steering Committee responded to the government’s request to assist with the reconstruction of communities impacted by volcanic ash and lava flows. It was decided to extend the closing date of the JRF to December 2012 and allocate the JRF’s remaining funds to support the needs of the victims of the Merapi eruptions. The extension of the closing date was formalized with the signatures of all donors in June 2011.

Additional financing of US$3.5 million for the JRF Community-Based Settlement Rehabilitation and Reconstruction Project (CSRRP/Rekompak2) was approved by the Steering Committee in early January 2011 to address needs arising after the Merapi eruptions. At the request of GOI and the provincial governments of Central Java and Yogyakarta, the CSRRP/Rekompak has been tasked to scale up its activities and respond to the needs of affected communities. This additional financing is being carried out in two phases. The eruptions caused widespread damage in 45 of the villages where JRF was already active as a result of the previous earthquake and tsunami. During the initial phase implemented until June 2011, the project conducted activities in those 45 villages already covered by the JRF. The additional activities focused on transitional housing, reconstruction of permanent houses, tertiary infrastructure and community settlement planning. A subsequent phase became effective after the extension of the JRF closing date to December 2012 was formalized. This phase scales up CSRRP/Rekompak activities to 43 more villages affected by the Merapi eruptions which were not previously covered by the JRF. This phase will continue implementation through June 2012.

2 CSRRP is widely known by its Indonesian acronym, Rekompak.
The Steering Committee endorsed additional financing for both JRF Livelihoods Recovery projects within the last year. The requests for additional financing for the two projects, implemented by the International Organization for Migration (IOM) and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ, formerly GTZ), were approved in principle at a meeting of the SC in May 2010. In October 2010, the formal request for additional financing was endorsed by the SC for the Access to Finance and Capacity Building for Earthquake Affected Micro and Small Enterprises project implemented by IOM. The project closed successfully as scheduled on June 30, 2011, having fulfilled its objectives. In February 2011, additional financing of US$500,000 for the GIZ Livelihoods Recovery project was endorsed by the SC. This funding has enabled the project to implement activities related to the project’s exit strategy. These include an impact assessment and capturing of lessons learned, and enhancing sustainability by strengthening local government and microfinance institutions. An extension to the GIZ Livelihoods Recovery project was granted until September 30, 2011 to allow the project sufficient time to complete these activities. The additional funding to these two projects is not related to activities in response to the Merapi eruptions, but part of a previously planned expansion.
Communicating Results and Enhancing Coordination

The Java Reconstruction Fund continues to engage its stakeholders through various communications and outreach activities. These activities are conducted to ensure high participation and ownership of projects. In the past year these activities have intensified as JRF projects approached closure. Communications also played a significant role during the Merapi volcano eruptions with JRF projects actively involved in the relief effort.

Close communications and coordination with local stakeholders are key to ensure sustainability. The partnerships forged with stakeholders have allowed the JRF to effectively respond to local needs and to ensure that knowledge and information are properly transferred and disseminated. Exit strategies in particular were jointly developed with local governments taking the lead. Throughout the process, provincial and district governments demonstrated impressive and commendable commitment to take forward various project initiatives. For Rekompak, this resulted in the expansion of project scope and extension of closing date in order to respond to the needs of Merapi affected areas.

JRF projects actively supported immediate relief efforts during and in the aftermath of the Merapi eruption. These efforts included deploying vehicles and field facilitators to assist in the evacuation process; setting up emergency aid posts in several districts such as Sleman (the most affected), Magelang and Boyolali; assisting the National Disaster Management Agency (BNPB) and local governments to coordinate the overall relief efforts of the affected areas, particularly in information management and mapping support.
Leveraging both mainstream and new media outlets enhances the JRF’s public profile. In the past year, the JRF and its three active projects have generated over 100 positive media articles in local and national media. These were particularly evident during the Merapi response period and during the closing campaign of the livelihood projects. New media such as social networking sites and official websites also became an effective avenue to increase stakeholders’ participation and interactions. Platforms such as YouTube and Facebook are being utilized to increase interactions among stakeholders.

A joint communication campaign was conducted to communicate impacts and achievements of the livelihood projects. The “Partnership for Sustainability” campaign was aimed to encourage continuous engagements amongst stakeholders in order to sustain impacts beyond closure of these projects. Activities conducted include press conferences and visits to project sites, radio and TV talkshows, product expo and several high profile events. The two-month long campaign culminated in a dinner reception where project beneficiaries showcased their products to various key stakeholders including local government officials, donor representatives, supporting organization and counterparts, as well as the media. Several local ‘champions’ of the projects were recognized during the event for their considerable support and participation in project activities.

The JRF promotes transparency and accountability in its program implementation. All JRF funded projects are required to establish complaint handling mechanisms whereby stakeholders, particularly beneficiaries, can channel their feedback, queries and grievances regarding project targeting and implementation. These mechanisms are continually monitored. Nearly all complaints and queries were handled and resolved by the respective projects through direct verifications with communities and complainants involved.
Gotong Royong Helps Communities Pick Up the Pieces After Disasters

In the aftermath of different disasters, communities across Yogyakarta, Central and West Java continue to support each other to rebuild their lives and their communities, often donating personal resources and property for the greater good of the community.

Wonolelo Village in Pleret Subdistrict, Bantul, Yogyakarta, constantly faces potential disasters triggered by landslides, droughts, floods, and earthquakes. Village residents have used the Javanese tradition of gotong royong, or community cooperation, to work collectively to solve the problems plaguing their village. Through the Community Settlement Planning (CSP) process, under the JRF Community-Based Settlement Rehabilitation and Reconstruction Project (CSRRP, or Rekompak), areas were identified that are particularly prone to these disasters. With input from the whole community, relocation sites were identified, and households located in the most disaster-prone areas were encouraged to relocate. Some villagers resettled on their own land, while others settled on village-owned land identified for resettlement use. Many villagers then used the funds from the JRF, offered for households that relocated to safer grounds, to build their own homes, often salvaging roof tiles, door frames, and even various wall materials from the houses that they left behind.

Continuing the strong community spirit, community members have also contributed of their own resources for the more needy villagers. “For those who could not afford to finish building walls for their homes, I allowed them to cut down my bamboo and use it for wall covering,” says Pak Muhyidin, a respected public figure and one of the members of Community Self-Reliance Board (BKM) in Wonolelo.

In Ngepringan Village, after the eruption of Mount Merapi, Pak Slamet Rusdi and his family became actively engaged in the JRF Community-Based Settlement Rehabilitation and Reconstruction Project (CSRRP/Rekompak). Most of their village was destroyed on
November 5, 2010 when hot lava glided down the Gendol River bed and swiftly swept through the village – an area previously predicted to be out of the path of Mount Merapi’s eruption. Many villagers lost their lives. But Pak Slamet Rusdi and his wife, Bu Wasyiah survived, along with their siblings and children. However, they lost their home and most of their belongings, including their sawmill and stock of wood.

After they were evacuated, Bu Wasyiah and Pak Slamet and their family lived in a temporary shelter at Gondang Dua, Wukirsari Village. While they stayed at the shelter, Pak Rusdi worked unceasingly to revive his business by digging out his woodworking machinery. He even tried to utilize the land located adjacent to the temporary shelter to rebuild his sawmill and window and door frames business, which would support the reconstruction of many of the houses in the area.

Aware of the suffering of many of the other families that also lost all their possessions as a result of the eruptions, Pak Slamet decided to donate his land for many of these families to rebuild their houses on. He worked hard with his children to clear the plot of land that would ultimately provide housing not only for his family, but for other families affected by the volcanic eruption.

In April 2011, Pak Rusdi and his family were selected as JRF housing grant (BDR) beneficiaries. Sadly, Pak Rusdi passed away of a heart attack before his family’s lot was drawn for their housing plot. With the help of JRF, his extended family members are now rebuilding their lives together with other community members on the land which he donated.

Bu Wasyiah grieves for her husband, and with her family and community fondly remembers his commitment and strong sense of community. His legacy inspires Bu Wasyiah and the community as they rebuild their lives.
Above, a collection of lurik fabrics from Central Java, produced by beneficiaries of the JRF-supported GIZ Livelihoods Recovery Project. Demand for traditional lurik continues to rise as local government officials have adopted it as one of their uniforms. (GIZ collection)
Remarkable results have been achieved in the overall reconstruction of Java following the disasters of 2006 through the coordinated efforts of government, donors and targeted communities. The estimated damage and losses from the May 2006 earthquake totaled more than US$3 billion. More than half of this total consisted of damage to private houses. Small and medium enterprises, especially in the area’s important handicrafts sector, were also severely affected. Many of these were home-based industries, and hence the damage to houses also had a corresponding impact on livelihoods. The reconstruction of housing in Java was completed with unprecedented speed, with 250,000 severely damaged or destroyed houses reconstructed within 18 months.³

The rebuilding of homes was the first priority of the government’s reconstruction efforts. The lack of earthquake-resistant construction methods contributed to the heavy damage to housing and small businesses. Many houses constructed of brick and/or concrete, without adequate reinforcement, did not withstand the effects of the earthquake, while houses constructed out of wood and/or bamboo proved to be more resistant to the tremors. The JRF housing and community infrastructure project has incorporated earthquake-resistant building technologies into its project activities in order to ensure the newly-constructed homes are more resistant to possible future earthquakes.

The economic impact of the 2006 earthquake was particularly heavy due to the large number of home-based industries in Yogyakarta and Central Java. Micro, small and medium enterprises (MSMEs) were the most affected and also had the fewest resources for rebuilding their livelihoods. An estimated 650,000 workers were employed in sectors affected by the earthquake, particularly in the ceramics, furniture, textiles and weaving, silver and leather manufacturing, and food processing industries. MSMEs suffered approximately 90 percent of damage and losses in the private sector, with 30,000 enterprises directly affected. Access to finance, particularly working capital, and the inability to service existing loans were identified as the major constraints to recovery for these micro and small enterprises.

The JRF has been a flexible instrument for government-led disaster recovery in Java. By the time the National Technical Team (TTN) completed its mandate in 2008, most of the overall reconstruction and rehabilitation activities had been completed, including most of the JRF’s housing reconstruction. The TTN’s closing report indicated that assistance for livelihood recovery among earthquake affected households, particularly access to finance, was still needed. Disaster-risk reduction was also identified as an important need in order to increase community resilience to future disasters. The JRF program extended its program to December 2011 in order to address these important remaining needs.

In the last quarter of 2010, the volcanic eruptions of Mount Merapi brought destruction to communities in Central Java and Yogyakarta once again. Response to support recovery was quickly mobilized through the JRF’s CSRRP or Rekompak. The JRF SC responded to Government requests by allocating additional financing to CSRRP/Rekompak to assist with reconstruction of communities in the affected areas, including 45 villages which had already received JRF assistance for reconstruction from the 2006 earthquake. The closing date of the JRF was also extended to December 2012 in order to allow time to carry out these additional activities.

This chapter presents an overview of the JRF portfolio results achieved through June 30, 2011. The JRF targeted the reconstruction of housing and rehabilitation of livelihoods through five projects as described in the sections below. The details on the full scope of each project are provided in Annex 1.

**Portfolio Performance: Achieving Outcomes and Responding to New Challenges**

The JRF supported the response of the GOI to the earthquake damage by responding in two areas: (i) Reconstruction of Housing and Community Infrastructure, and (ii) Rehabilitation of Livelihoods. Housing reconstruction was prioritized by the Government of Indonesia in the early phase of reconstruction, with livelihood rehabilitation to follow after the remaining contribution of donor funds became available. JRF financing for projects was aligned to this strategy and was based on availability of funds. The World Bank plays a supervisory and oversight role on all JRF projects.

The JRF has allocated US$ 94.7 million to its portfolio consisting of five projects. A total of US$77.4 million has been allocated to the reconstruction and rehabilitation of housing and community infrastructure in the affected areas through three projects: two completed projects providing transitional housing, and the JRF housing project formally known as the Community-Based Settlement Rehabilitation
and Reconstruction Project (CSRRP or Rekompak). The other two projects in the portfolio are the Livelihood Recovery projects, one implemented by GIZ and the other implemented by IOM, which have been allocated a combined total of US$17.2 million.

The JRF has completed most of its activities in response to the 2006 disasters. The JRF’s initial response was through two projects that provided transitional housing and were implemented by two different implementing partners, IOM and the Cooperative Housing Foundation (CHF). These projects were completed and closed in mid 2007. The CSRRP/Rekompak, implemented by the Ministry of Public Works, began in December 2006 and received an initial extension to June 2011 in order to scale up its disaster preparedness and community infrastructure work, based on recommendations from the JRF’s Mid Term Review (MTR) and government requests. JRF efforts in livelihood recovery started once housing reconstruction was well underway. Projects implemented by IOM and GIZ focusing on the recovery of livelihoods began implementation in late 2008 and 2009. The IOM Livelihoods Recovery project completed its activities and closed on June 30, 2011. The GIZ Livelihoods Recovery project is completing final implementation of its exit strategy and is scheduled to close on September 30, 2011. Once the GIZ project closes, only the CSRRP/Rekompak activities related to the recovery of communities affected by the eruptions of Merapi will continue in active implementation until 2012.

The JRF has prioritized disaster risk reduction in all aspects of its program, creating synergies across the projects. Earthquake resistant techniques and designs have been mainstreamed in the physical reconstruction activities of permanent housing and transitional shelters and the Community Settlement Planning (CSP) process involves a strong disaster risk reduction (DRR) focus. Community infrastructure projects focused on DRR include escape routes, emergency assembly points and retaining walls. The Livelihoods Recovery project implemented by IOM also focused on building capacity of local governments, civil society and MSMEs in DRR and preparedness as part of its project exit strategies. GIZ’s Livelihoods Recovery project also included DRR in its technical assistance. The success of the various facilities and disaster response training provided by JRF projects were demonstrated with the eruption of Mount Merapi. Evacuation routes, facilities and procedures were used by the affected communities, and the technical and management skills taught were put to immediate use during both evacuation and disaster response.

Significant results and lasting impacts have been achieved through the JRF’s projects. Project results in the two main areas of JRF programming are described in the sections that follow.

<table>
<thead>
<tr>
<th>Table 2.1 Implementation period of JRF Funded Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Area of JRF Support</strong></td>
</tr>
<tr>
<td>Housing and Community Recovery</td>
</tr>
<tr>
<td>Transitional Housing – IOM</td>
</tr>
<tr>
<td>Transitional Housing – CHF</td>
</tr>
<tr>
<td>Community Settlement Reconstruction and Rehabilitation Project (CSRRP)</td>
</tr>
<tr>
<td>Recovery of Livelihoods</td>
</tr>
<tr>
<td>Rehabilitation of MSEs - IOM</td>
</tr>
<tr>
<td>Livelihood Recovery in DIY and Central Java - GIZ</td>
</tr>
</tbody>
</table>
Recovery of Housing and Community Infrastructure

The JRF followed a multi-phased approach for reconstruction of housing and community infrastructure. The JRF made an early commitment to the reconstruction of housing in response to the GOI’s priorities. The two Transitional Housing projects provided immediate shelter to affected households while the more time-consuming process of constructing permanent housing took place. The CSRRP also initially provided transitional shelters while permanent housing was under construction. Once its permanent housing targets and key community infrastructure elements for the initial earthquake and tsunami reconstruction activities were nearing completion, CSRRP focused on supporting the development of Community Settlement Plans (CSPs). These village-level spatial plans help communities identify needs and incorporate disaster risk reduction and management strategies through an inclusive, community-based approach. The CSRRP has now been extended to June 2012 in order to provide a strategic, focused response to the needs of those affected by the October/November 2010 eruptions of Mount Merapi through the reconstruction and rehabilitation of housing and community infrastructure.

Safe and durable transitional shelters were provided to affected households in the early phase of reconstruction. Both of the JRF’s Transitional Housing projects closed in mid-2007 having met the overall needs for transitional shelters. The two projects provided a total of 4,790 transitional shelters and, the JRF’s permanent housing project (CSRRP) provided an additional 2,489, bringing the total number of transitional houses provided by the JRF to almost 7,300. The overall permanent housing reconstruction was carried out quickly enough that further construction of transitional housing became unnecessary, and so the project recalibrated its approach and shifted focus to permanent housing. The Mid Term Review (MTR) of the JRF found that the Transitional Housing projects were highly relevant as they covered a critical gap in meeting shelter needs. Over 95 percent of beneficiaries reported that the transitional shelters enhanced their ability to resume normal household activities after the earthquake.
The CSRRP has successfully met its housing reconstruction targets for the 2006 disasters. Implemented by the Ministry of Public Works with the involvement of beneficiary communities, about 15,150 permanent houses were designed and built. The CSRRP provided earthquake-resistant core houses that beneficiaries could modify and finish to meet their individual household’s needs. Additional financing to the project will enable the reconstruction of a further 250 targeted houses. With the extension of the project to June 2012, and the additional financing allocated to the project for the response to the Merapi eruptions, a further 250 houses are targeted to be rebuilt. The beneficiaries of this component will be selected by community groups, with the assistance of the project’s community development facilitators.

Local governments expanded community settlement planning using their own resources under a “replication” phase. Local governments in Central and West Java and DIY used their own resources for this replication phase, providing support for facilitating the planning process in additional villages while JRF made funds available for the community infrastructure and disaster preparedness activities identified through the CSPs. Additional financing was approved by the JRF Steering Committee in 2009 for this phase in order to extend the community spatial planning process and infrastructure activities to an additional 164 villages, bringing the total number of villages covered to approximately 265. The CSP process has been completed for the earthquake and tsunami reconstruction phase of CSRRP/Rekompak.

The successful community-driven approach to the reconstruction of housing in Java is now being used to support Merapi victims. Drawing on the lessons learned and strengths of the similar CSRRP housing project in Aceh, this successful approach was adopted by the Government of Indonesia and the JRF for the reconstruction of permanent houses following the Java earthquake, and again more recently after the eruption of Mount Merapi. The high levels of community involvement in this participatory process, enhanced by the Javanese tradition of “gotong-royong” (community self-help or mutual cooperation), has led to high beneficiary satisfaction rates to date. The open planning and decision-making processes, including transparent processes for targeting beneficiaries and procedures for complaint handling and resolution, have resulted in increased accountability, greater contributions from the communities and enhanced community ownership in the reconstruction process as beneficiaries take responsibility for reconstructing their lives. The communities affected by the eruptions are also familiar with the processes employed through this approach, which further enhances effective implementation.

A comprehensive CSP approach continues with the activities implemented through the additional financing to the project. CSPs are now being prepared in 45 villages for the reconstruction and rehabilitation of Merapi affected areas. The spatial plans take into account social and environmental concerns, as well as increased disaster preparedness, in the identification and implementation of the community infrastructure projects. Through the additional financing, the project is also providing support to local government capacity building for greater participation in CSP approval, DRR investment prioritization, and transfer of knowledge gained under the Merapi rehabilitation and reconstruction program.

Beneficiary satisfaction with the housing and infrastructure assets provided is high. A technical audit by two leading universities (Gadjah Mada University in Yogyakarta, and Diponegoro University in Central Java) reported that the houses are generally of good quality, and are built to acceptable anti-seismic standards. The occupancy rate of these houses is 99 percent, indicating a high degree of beneficiary satisfaction. Community infrastructure projects include village roads and footpaths, retaining walls, water supply and sanitation facilities, and other basic community infrastructure. These projects were identified and prioritized through a participatory process with the communities affected.
Community Settlement Planning (CSP) is an inclusive process that encourages greater involvement of marginalized groups in the reconstruction. For example, women and the poor are given greater voice in identifying and prioritizing projects that impact the whole community as a result of their involvement in the planning process. CSP has also led to a higher degree of beneficiary satisfaction and community ownership of the planning process and new assets. A broader range of community members are exposed to disaster preparedness strategies through the planning process, which also contributes to the project’s aim of rebuilding stronger and more resilient communities.

**Village Spatial Plan – Map of Evacuation Sites and Routes**

Purbayan Village, Kotagede Sub-district, Yogyakarta

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The Community Settlement Plan (CSP) helps communities identify their own needs and incorporate disaster risk reduction and management strategies into their own spatial plan. Here, a village spatial plan shows evacuation sites and escape routes for Purbayan Village in Kotagede sub-district, DIY. The Community Spatial Planning process under the CSRP/Rekompak project has helped more than 265 villages to assess risks and prepare for potential disasters.
Recovery of Livelihoods

The JRF’s innovative Livelihood Recovery program is nearing completion. The GOI and JRF identified the need for livelihood recovery efforts to support the large number of micro, small and medium enterprises (MSMEs) impacted by the 2006 earthquake and issued a call for proposals in 2007. The JRF has worked with two international organizations, the International Organization for Migration (IOM) and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ, formerly GTZ), to implement two separate but related and complementary projects designed to support the recovery of livelihoods. These projects focused on improving access to finance, replacing assets, and providing technical assistance and enhanced business skills to more than 15,000 micro, small and medium enterprises (MSMEs) in the affected areas. The IOM-implemented project closed in June 2011 and the GIZ project is completing its final activities and will close on September 30, 2011.

The JRF Livelihoods Recovery projects have produced significant results in supporting MSMEs in Central Java and DIY. Setting up microfinance and revolving loan funds in a post-disaster situation is particularly challenging due to the need to quickly reach beneficiaries while at the same time ensuring stringent accountability mechanisms are in place. The IOM livelihood recovery project began implementation of technical assistance and asset replacement components in late 2008, and the GIZ-implemented project began implementation of its access to finance and technical assistance activities in May 2009. Both projects were able to scale up quickly to not only reach but exceed their targets. The initial target of assisting 3,300 earthquake-affected micro and small enterprises through IOM’s livelihood recovery project was met during the first phase of the project. In October 2010 additional financing of US$1.5 million was approved to scale up and reach an additional 1,000 beneficiaries. By project closing in June 2011 the project had exceeded these revised targets by assisting more than 4,300 micro and small enterprises (MSEs) with asset replacement and capacity building in technical and business skills. The GIZ project has also shown remarkable results. Once the necessary institutional arrangements for the revolving loan funds were in place, the project was able to assist more than 10,000 total beneficiaries with financial...
and/or technical assistance by June 2011, surpassing the initial targets by more than 1,200. An assessment of the impact of these interventions is currently underway.

**Technical assistance has helped more than 6,200 MSMEs to develop their businesses.** The IOM Livelihood Recovery project provided technical assistance, marketing support, and business development skills training for 4,300 micro and small enterprises affected by the earthquake in Yogyakarta and Central Java, with positive impact on incomes and high levels of beneficiary satisfaction. Over 87 percent of project beneficiaries reached their pre-earthquake operating capacities, sales and profits by the end of the project, with 77 percent exceeding pre-earthquake levels. IOM also replaced productive physical assets such as equipment, livestock and facilities damaged or destroyed in the disaster for individuals, groups and communities, with more than 95 percent of these assets being utilized by beneficiaries at project closing. The GIZ project has also been successful in increasing incomes of beneficiaries through its technical assistance activities. The project provides technical assistance to both MSEs and medium enterprises in production skills, entrepreneurship, sales and marketing. By June 2011 GIZ’s technical assistance activities had helped over 1,800 MSEs and 40 medium-sized companies to improve their technical and business skills.

**Important outcomes have been achieved in improving access to finance for earthquake-affected MSMEs.** Through the GIZ Livelihood Recovery project’s access to finance activities more than US$5 million has been disbursed to 26 participating microfinance institutions (MFIs) by June 30, 2011 as part of a revolving loan fund to provide much-needed access to finance to MSEs for rebuilding of businesses. Under the component which promotes medium-sized enterprises, 42 companies have received continuous TA, and loans worth approximately US$419,600 had been disbursed to 22 companies. The project actively sought out MFIs that could specialize in group lending, such as Badan Usaha Kredit Pedesaan (BUKP, or Rural Credit Facility) in DIY, in order to reach marginalized beneficiaries outside the formal banking sector who might not otherwise meet the requirements for loans. The project has successfully accelerated loan disbursements to beneficiaries previously considered “non-bankable” using this approach. By June 30, 2011, more than 10,000 MSEs had received loans through the program.

*Permodalan Nasional Madani (PNM), a government-owned finance institution, serves as the apex institution for the post-disaster revolving loan funds under JRF. PNM was selected as the apex institution for the revolving loan scheme due to its mandate to support MSMEs and its suitability for managing the revolving loan fund after the project and JRF closure. Institutional arrangements with PNM took some time to put in place, but since mid-2010 funds are being channeled to MFIs such as the Bank Perkreditan Rakyat (BPR) and cooperatives, to serve those impacted by the Java earthquake. Through these arrangements the revolving loan fund set up through the JRF will continue to provide access to finance to this target group for at least 10 years after the project ends. Local government is expected to monitor the continued use of these funds after the project closes, and thus strengthened local government capacity for this purpose is also an anticipated impact of the project. Local government commitment to these arrangements is critical for continued long term impact on current beneficiaries.**

**The JRF Livelihood Recovery Projects provide much needed economic revitalization support for women.** Small and microenterprises operated by women in the handicrafts and food processing sectors were particularly badly affected by the earthquake. More than 40 percent of the beneficiaries of both IOM’s technical assistance activities and the recipients of microfinance loans under the GIZ project are women, exceeding the targets of 30 percent. JRF support has provided these women entrepreneurs the
resources and skills to not only resume their previous livelihood activities but to improve their businesses and income. As a result, women’s decision-making power and influence in their homes and communities have also increased.

Capacity building has been an important area of focus of the JRF Livelihoods Recovery projects. Both projects emphasized capacity building for local government in their exit strategies. A portion of IOM’s additional financing was used to address needs and gaps identified by the local governments of Yogyakarta and Central Java to ensure lasting economic recovery. These efforts included workshops and training for local government and civil society stakeholders in effective livelihood project management and implementation approaches and in Community-Based Disaster Risk Management (CBDRM)/Disaster Risk Reduction (DRR). The project’s DRR approach included both direct training for communities aimed at reducing risk exposure for MSEs as well as training local government and civil society organizations on integrating DRR aspects into development policies, planning and programming. The technical assistance for CBDRM/DRR was particularly relevant for local government and civil society groups during the response to the eruption of Mount Merapi. Similarly, additional financing provided to the GIZ livelihood recovery project has supported the project’s exit strategy by building capacity of both microfinance institutions and the local government to manage the revolving loan funds after the project ends.

The JRF livelihoods projects are generating important lessons learned. Both the IOM and GIZ projects have designed innovative approaches to meeting the livelihood recovery needs of MSMEs in post-disaster situations and have resulted in positive outcomes. These projects provide good models which could be implemented with less start-up time in the future. The projects also identified some regulatory constraints to implementing effective access to finance projects targeting the poor, with follow up to address these issues under consideration. The government’s National Community Empowerment Program, PNPM, has used lessons learned from the JRF Livelihood Recovery projects in creating a revolving fund window for responding to post-disaster needs for livelihood recovery. The lessons learned from these two innovative projects will be disseminated both within Indonesia and globally so that these experiences can inform the design of livelihood recovery programs in future post-disaster situations.
JRF Brings Livelihoods Recovery to Small Farmers

In two different villages impacted by the Java earthquake, two freshly-minted organic farmers are making the most of the training and assistance they received through IOM’s Livelihoods Recovery Project with support from JRF.

Switching to fertilizers sourced locally and made of natural waste will not only benefit the environment, but also reduce costs and, in turn, boost profits. Such benefits would be a welcome relief after damages suffered from the Java earthquake. The tiled roof of Pak Soeharto’s house collapsed in the earthquake, while Bu Yuni’s house cracked so badly that her family was forced to live in emergency tents for a month.

Both Pak Soeharto and Bu Yuni are leaders in their communities—Soeharto serves as secretary of a group of 29 farmers in Sukoharjo Village, and Yuni is treasurer of one of four beneficiary groups in Sumberharjo, Yogyakarta Province. With the training they received in organic farming methods and business development, the farmers have seen the benefits of a more eco-friendly approach and now expect substantially improved results.

Pak Soeharto estimates that while the cost of chemicals continues to grow, he will save handsomely on production costs during the three annual harvests—adding to his IDR 1.8 million (US$210) profit per harvest. Where he formerly paid IDR 240,000 (US$28) for four small bottles of chemical fertilizer, he now expects to use four liters of organic fertilizer at IDR 10,000 (US$1.20) per cultivating season.

His business acumen sharpened by business development training, Pak Soeharto says the trainings “really helped us organize our bookkeeping and taught us how to calculate spending and earnings, which is something that we weren’t familiar with before.”

Bu Yuni has also experienced an upswing in profits; sales in this early phase of her business added an extra IDR 150,000 (US$17.50) to her income.
monthly income. “Organic farming helps the local community and especially women because it provides an occupation that brings in extra income,” she says.

As she gazes out at her vegetable garden through the window at the front of her house, Bu Yuni dreams of big plans for the future—plans as big as the ever increasing demand for organic products.

“I dream of being able to offer a bigger and more consistent supply of organic vegetables, and of having my own brand so I can market them to supermarkets and retail markets.”

**Pak Waluyo was one of many farmers who attended the official opening of the rehabilitated irrigation system built by the IOM’s Livelihoods Recovery Project with support from JRF. Built by male and female laborers from the local community, the rehabilitated system now provides water to 37 hectares of arable land, representing a 30 percent boost in production. A further benefit: operating costs have declined, amounting to savings of IDR 400,000 (US$47) per farmer per year.**

Pak Waluyo hoards rice temporarily to exploit the price rises when overall supply decreases. And there is much more of it to hoard, he says while standing beside bags full of rice in the front room of his house. His previous harvest witnessed an increase in yield from 800 to 1,200 kg.

Strengthened further by the technical trainings they received from the project, Kebon’s farmers are looking forward to future growth.

“The improved irrigation channel helps us greatly. It easily supplies farmers with sufficient water in the third growing season (the last four months of the year)—a time when water is usually hard to find. That means our productivity, and therefore our income, will definitely increase.”

**Years of hard work can be lost in a matter of seconds**—S.T. Waluyo knows only too well. Not only was his house destroyed in the earthquake, but the irrigation system on which his farming business relied was damaged extensively. With no place to live and unable to earn an income, his new life was not one he had ever imagined.

Farmers suffered trauma after the earthquake not only due to the fact that their houses were damaged, but also because of the deterioration of the infrastructure that supported their livelihoods, like irrigation channels.
The handicrafts production sector was among the worst hit by the 2006 earthquake. Now most have recovered and new businesses continue to grow. This craft producer, a beneficiary of the IOM Livelihoods Recovery Project, is packing dried flowers for export. (GIZ collection)
Seven donors have contributed a total of US$94.1 million to the Java Reconstruction Fund. Contributions were received from the European Union, the Netherlands, the United Kingdom, the Asian Development Bank, and the governments of Canada, Finland and Denmark for the reconstruction and rehabilitation of the earthquake and tsunami affected areas in Yogyakarta Special Region, Central Java and West Java. All donor pledges have been received in full by the JRF. Table 3.1 shows the funding provided by each of the donors.

Table 3.1. Source of Pledges and Cash Received

<table>
<thead>
<tr>
<th>Source of Pledges and Cash Received</th>
<th>Pledges and Cash Received US$ Million</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>European Commission</td>
<td>51.17</td>
<td>54%</td>
</tr>
<tr>
<td>Government of Netherlands</td>
<td>12.00</td>
<td>13%</td>
</tr>
<tr>
<td>Government of United Kingdom</td>
<td>10.77</td>
<td>11%</td>
</tr>
<tr>
<td>Asian Development Bank</td>
<td>10.00</td>
<td>11%</td>
</tr>
<tr>
<td>Government of Canada</td>
<td>6.53</td>
<td>7%</td>
</tr>
<tr>
<td>Government of Finland</td>
<td>1.99</td>
<td>2%</td>
</tr>
<tr>
<td>Government of Denmark</td>
<td>1.60</td>
<td>2%</td>
</tr>
<tr>
<td><strong>Total Contributions</strong></td>
<td><strong>94.06</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

An additional US$4.5 million is expected in income earned on investments of JRF funds by the JRF closing date. The investment income is added to the total pool of funds. The program administration and project preparation and supervision costs are projected to total US$3.3 million for the life of the JRF. These costs are anticipated to be fully covered by the investment income.
The closing date of the JRF has been extended to December 31, 2012. An extension was requested to allow a strategic response to the recent Mount Merapi eruptions in late October 2010 affecting Yogyakarta and Central Java to be implemented. This extension was approved by all donors and has been formalized by amendments to contribution agreements.

Allocations and Disbursements to Projects

JRF funds are fully allocated with a total of US$94.7 million to be provided to the five projects in the JRF portfolio. Of this, US$91.3 million, or 96 percent of allocated funds, has been disbursed to the projects, as shown in Table 3.2.

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Grant Value</th>
<th>Disbursement to Projects</th>
<th>Project Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing and Community Recovery</td>
<td>77.44</td>
<td>75.64</td>
<td>73.58</td>
</tr>
<tr>
<td>Transitional Housing Projects - CHF</td>
<td>1.27</td>
<td>1.27</td>
<td>1.27</td>
</tr>
<tr>
<td>Transitional Housing Projects - IOM</td>
<td>1.05</td>
<td>1.05</td>
<td>1.05</td>
</tr>
<tr>
<td>Community Settlement Reconstruction and Rehabilitation Project (CSRRP) - MPW</td>
<td>75.12</td>
<td>73.32</td>
<td>71.26</td>
</tr>
<tr>
<td>Recovery of Livelihoods</td>
<td>17.24</td>
<td>15.63</td>
<td>16.33</td>
</tr>
<tr>
<td>Access to Finance and Capacity Building for Earthquake Affected Micro and Small Enterprises (JRF Livelihood Recovery – IOM)</td>
<td>5.98</td>
<td>4.87</td>
<td>5.97*</td>
</tr>
<tr>
<td>Livelihood Recovery in DI Yogyakarta and Central Java (JRF Livelihood Recovery - GIZ)</td>
<td>11.26</td>
<td>10.76</td>
<td>10.36</td>
</tr>
<tr>
<td>Total Allocation to Projects</td>
<td><strong>94.68</strong></td>
<td><strong>91.27</strong></td>
<td><strong>89.91</strong></td>
</tr>
</tbody>
</table>

*Project costs were pre-financed by the Implementing Agency, hence project spending exceeds current disbursement to project.

US$77.4 million or 82 percent of JRF funds have been committed to reconstructing housing and community infrastructure. Two Transitional Housing Projects completed activities in 2008 at a cost of US$2.3 million. The budget for CSRRP, the housing and community infrastructure project, was increased to US$75.1 million during the past year. As of June 2011, about US$75.6 million or 98 percent of funds allocated to the housing and community infrastructure sector have been disbursed.

The JRF has allocated US$17.2 million to projects focusing on the recovery of livelihoods, an amount that accounts for approximately 18 percent of JRF allocations. Through GIZ, US$11.3 million in allocated funds support a project that contributes to the GOI’s initiatives to assist micro, small and medium enterprises (MSMEs) affected by the earthquake to revitalize their businesses. The project also aims to re-integrate affected low income communities into economic life through technical assistance and access to finance. In addition, US$6 million is allocated through the International Organization for Migration (IOM) to a project which provides asset replacement and technical assistance for micro and
The identification of community infrastructure to be constructed, such as this water drainage system is an outcome of the Community Settlement Planning Process, which uses an inclusive participatory approach.

(CSRRP/Rekompak collection)

small enterprises (MSEs). As of June 30, 2011, US$15.6 million has been disbursed to these projects.

Project Expenditures

A cumulative total of US$89.9 million has been spent by projects implemented under the JRF portfolio, totaling approximately 98% of funds disbursed to these projects. Projects in the housing and community infrastructure sector have spent US$73.6 million which is 97 percent of project disbursements. Expenditures for the livelihoods projects total US$16.3 million, amounting to 105 percent of project disbursements. IOM pre-financed its project activities thus project spending exceeds disbursement to the project.

Outlook

With the additional financing and extension of the JRF closing date, the CSRRP project will implement activities until June 2012. The additional financing for the recovery of communities affected by the Merapi eruptions was divided into two phases. The first phase was implemented until June 2011, and allocated US$1.7 million to respond to the effects of the earthquake on villages where JRF projects were already being implemented at the time of the eruptions. After the JRF was extended to December 31, 2012, a further US$1.8 million was made available for the second phase to expand assistance to additional villages and will be disbursed to the project during the remainder of 2011. The project is expected to fully spend all allocated and disbursed funds.

The JRF’s work in the area of livelihoods recovery is nearly completed. The IOM project completed its objectives and closed as scheduled in June 2011, and the GIZ project will close in September 2011. Both projects are completing final reporting on expenditures, and it is expected that allocated funds will have been fully spent.

JRF funds are now considered fully programmed. Final allocations were made to the three active projects during the last year. Additional funds of US$3.5 million were allocated to the CSRRP project to respond to the needs of Merapi victims. The two Livelihoods Recovery projects were also allocated a total of US$2 million in additional funds to scale up activities and finalize their exit strategies. As of June 30, 2011, the JRF has approximately US$0.6 million remaining, or about 0.5 percent of total JRF funds.
JRF Loans and Technical Assistance Help Small Businesses Recover and Thrive

Pak Gito, Carpenter, Grogol Village, Sukoharjo District, Central Java

Like many carpenters in Grogol village in the Sukoharjo District of Central Java, Pak Gito learned his trade from his father. “I worked alongside him for many years until I had the courage to try it on my own,” he says with typical modesty.

From then until the Java Earthquake in 2006, Pak Gito made furniture for a small company close to his home. “The earthquake interrupted us, we had to take time off to help our neighbors fix up their homes, just as they helped us too...but then there weren’t as many orders coming in,” he explains.

Thanks to the Livelihood Recovery Project implemented by GIZ with support from JRF, Pak Gito participated in trainings covering design skills and production techniques, and was put in contact with regional companies working for the export market. Exhibiting some of his new furniture samples at Yogyakarta’s 2010 Export Expo also gave him his first experience of direct contact with potential buyers.

He also received an electric saw, which he now uses as far into the night as the neighbors and his wife permit. “Before, I had to rely on my boss to provide me with tools. Now I can work on my own,” he says.

Pak Gito’s hopes for his business are to have a steady flow of orders and remain healthy so that he can keep working. And if, in their most confident moments, they dare to imagine it, both Pak Gito and his wife hope to earn enough money to pay for the schooling of their children up to the university level.

“Before, I had to rely on my boss to provide me with tools. Now I can work on my own.”

Pak Gito, carpenter
Bu Parsiawati, producer of salted duck eggs, Piyungan Village, Gunung Kidul

Bu Parsiawati says she has always been independent and that’s the way she likes it. With help from the Livelihoods Recovery Project implemented by GIZ with support from JRF, Bu Parsiawati has been able to maintain her independence. Here’s her story:

Like so many other Indonesian families, Bu Parsiawati lives apart from her husband for long periods of time as he travels around the country working in road construction. While she misses him, she says that she can only make the best of it.

Her independence extends to her own work too. Though she started off in a village cooperative with activities ranging from sewing to farming and cooking, she left the organization because she thought it was doing a poor job of marketing what they produced. “I got frustrated,” she recalls, laughing. “I felt I could do it better.”

In time, she began to focus on one of Java’s favorite food products, telur asin (salty eggs). “They always sell...I rarely have to bring any back home when I take them to the market,” she says.

Telur asin are duck eggs which are wrapped in a ball of soft clay mixed with salt for two weeks and then cooked. They were traditionally used by sailors and travelers on long trips because the salt preserves them, making them edible for up to a month after being treated. Today, they are still a very popular snack for long bus and train journeys.

Bu Parsiawati got off to a good start with all the ingredients for a successful small business: she was familiar with the salting process from her days in the cooperative; she had friends in the market and the time and motivation needed. She started small, gradually plowing her profits back into the business to buy gradually increasing numbers of eggs.

Then the earthquake collapsed parts of her house, including the kitchen, and wiped out her whole stock of eggs.

“If the earthquake hadn’t come, I wouldn’t have needed a loan, everything was going smoothly until that point,” she says. “I didn’t have any collateral to get a bank loan so I got a small loan of IDR 500,000 (US$57) from the BUKP to start again.”

BUKP, or Badan Usaha Kredit Pedesaan, are a type of micro-finance institution established in Yogyakarta based on a Provincial Regulation. With support from GIZ’s Livelihood Recovery Program, they serve clients considered to be “unbankable” by other financial institutions. The revolving loan funds established under the JRF are expected to continue to assist disaster-affected small entrepreneurs like Bu Parsiawati well after the project ends.

“I got a small loan of IDR 500,000 (US$57) from the BUKP to start again.”
Bu Parsiawati, independent business woman
The JRF will continue work in Central Java and Yogyakarta until June 2012. Here, a villager passes by bamboo fences built by a JRF-supported medium enterprise.

(GIZ collection)
The JRF has made a significant contribution to the overall reconstruction in response to the earthquake and tsunami that led to the formation of the program in 2006. All JRF projects have successfully delivered on their targets related to these disasters. Over 15,000 permanent houses have been built and nearly 7,000 temporary houses provided shelter while families were waiting for their permanent homes to be constructed. Through the community planning process supported by the JRF, 265 villages are better equipped to cope with natural disasters. More than 15,000 micro, small and medium entrepreneurs have received access to finance and/or technical and business development assistance to enable them to not only recover but in most cases improve upon their pre-earthquake livelihoods.

In October 2010, disaster once again struck Central Java and Yogyakarta, in the very areas already devastated by the May 2006 earthquake. As the three active JRF projects were moving towards their closing date of June 30, 2011, the eruptions of the Mount Merapi volcano created a new set of challenges for the region.

The central and provincial government requested JRF support for reconstruction after the Merapi eruptions. The JRF Steering Committee responded to this request by allocating the remaining US$3.5 million in JRF funds to the CSRRP/Rekompak project for Merapi eruption recovery. The closing date of the JRF was extended until December 31, 2012 in order to allow time to carry out this work. The CSRRP project was extended to June 30, 2012 for strategic, targeted support to communities impacted by Mount Merapi’s eruptions.

The affected communities have demonstrated that they are now better equipped to respond to the frequent disasters to which Java is all too susceptible. For several weeks, Merapi’s eruptions disrupted life in the region, forcing thousands of people to flee their homes. Merapi’s eruption left hundreds of communities to cope with the aftermath of a new and different type of devastation. The three active JRF projects assisted local government and civil society in the area with the response. Community infrastructure constructed under the JRF’s CSRRP provided evacuation routes and assembly points for many people affected by the eruptions. Previously conducted evacuation drills ensured that communities had a better knowledge of evacuation procedures than was the case during the 2006 earthquake. These outcomes of the JRF’s interventions helped to lesson the impact of Merapi’s eruption in many places, but the disaster also highlighted that further work on disaster risk reduction and preparedness is still needed. These needs include both institutional strengthening to help local governments be better prepared to manage disaster response as well as more emergency infrastructure to cope with evacuation and emergency response.
The JRF portfolio continued to perform well despite the disruptions caused by Merapi. The Livelihoods Recovery project implemented by IOM completed all activities and closed as scheduled on June 30, 2011. The GIZ-implemented Livelihoods Recovery project is carrying out the final phase of its exit strategy and will close on September 30, 2011. Support for rehabilitating livelihoods was scaled up during this final year with additional financing to provide greater opportunity for capacity building to enhance the sustainability of the projects, and to reach more beneficiaries. The IOM project’s exit strategy included strengthening the capacity of communities, local government and civil society to mitigate impacts from future disasters. This strategy proved particularly relevant and timely: disaster preparedness training and workshops were underway as the Merapi events unfolded. Additional financing for the GIZ livelihoods recovery project is being used for capacity development and to document project impacts. The impacts of these projects on the economic recovery and empowerment of women micro and small entrepreneurs has been especially significant. Both projects have met or exceeded their targets and positively affected incomes and livelihoods, garnering high rates of beneficiary satisfaction in the process.

The CSRRP/Rekompak will continue its community-based approach in meeting the needs of communities affected by the Merapi eruptions until June 2012. The project’s CSPs will provide the basis for selecting community infrastructure activities to implement in the 88 villages included under the project’s additional financing. Additional investments of approximately US$220,000 per village have been allocated for the reconstruction and rehabilitation of small-scale tertiary village infrastructure damaged or destroyed by the eruptions of Merapi. The project is scheduled to close following the rapid reconstruction response to the Merapi eruptions, but the CSRRP is expected to have a lasting impact on community disaster risk management through the community planning approach. Local governments have already demonstrated their commitment to the CSP process by allocating their own funds to facilitate the community planning process during the project’s second phase.

The JRF has fully programmed all available funds. The US$94 million in funding has been allocated and a full utilization of these resources is expected. The JRF’s allocation of US$3.5 million in additional financing to the CSRRP for responding to the Merapi eruptions has effectively allocated all available JRF funds to projects. All funds allocated to projects are expected to be fully disbursed and spent by project closing dates, with the last project, CSRRP, completing its final phase of activities by June 30, 2012.

The JRF offers important lessons for future post-disaster response programs. The JRF has been in the unique position of responding to three different kinds of natural disasters: earthquake, tsunami and volcanic eruption. The innovations developed through the JRF in the housing and livelihoods projects offer lessons for future post-disaster situations.
in Indonesia and around the world. The community-driven approach to housing reconstruction originally developed during the post-tsunami reconstruction in Aceh benefitted the Java reconstruction and has been adopted by the Government of Indonesia as a model in other post-disaster reconstruction efforts. Drawing on lessons from the CSRRP/Rekompak projects implemented under the JRF and the Multi Donor Trust Fund for Aceh and Nias provides an opportunity to mainstream disaster risk reduction and reconstruction through community based approaches into national programs.

The livelihood projects have developed an innovative approach for addressing economic recovery in the post-disaster reconstruction context. The livelihood projects took time to set up initially but they have also generated important lessons for designing similar economic recovery programs in a post disaster context. These lessons are already contributing to the institutional arrangements for post-disaster revolving funds to be implemented through the National Community Empowerment Program, PNPM, so that the program can be ready to respond to livelihood recovery needs when disasters strike in the future.

The JRF will continue its commitment to support the post-disaster recovery of communities in Java until its closing date. The Merapi eruption presented a new area of need to which the JRF was able to quickly respond with its final commitment of funds. The last three projects have made sustainability of project outcomes, particularly related to disaster risk reduction and preparedness, an important priority in their exit strategies. The JRF will continue its support for the reconstruction of Java from its latest disaster through the CSRRP/Rekompak until the project closes in June 2012, and the JRF itself will conclude all activities and close on December 31, 2012.

The varied nature of the several disasters that the JRF has addressed provides lessons to deal with earthquake, tsunami and volcanic eruption response. Many of the disasters that occur on a regular basis in Indonesia are also similar in magnitude of impact. This too provides lessons for disaster response fit to scale. The Government of Indonesia, taking lessons from the experiences in Aceh and Java, has now established the Indonesia Multi-Donor Fund Facility for Disaster Recovery (IMDFF-DR), a standing fund for disaster prevention and response activities. Lessons on prevention as well as response are being applied across Indonesia, and can provide valuable insights to inform post disaster support globally as well.
Building Safer Communities through Community Settlement Planning

Citizens in three landslide-prone villages in the Bantul District of Yogyakarta have been able to move to safety thanks to the Community Settlement Planning (CSP) process being implemented through the JRF funded Community-Based Settlement Rehabilitation and Reconstruction Project (CSRRP, or Rekompak).

The CSP process brings together community members to map their settlements, identifying areas suitable for different land usage. This process is led by community facilitators and aims to identify areas prone to potential hazards so that action can be taken to mitigate future possible disasters. Factors taken into account include soil conditions, proximity to active volcanoes and projected lava flow paths, and availability of water.

Based on the CSPs developed for Srimartani Village, Subdistrict Piyungan and Wonolelo Village in Pleret Subdistrict, and Wukirsari Village in the Imogiri Subdistrict, sixty nine beneficiaries were given the opportunity to move to safer ground. Some households have relocated to parcels of their own land, while other beneficiaries were resettled on village-owned land.

Bu Triyono, a beneficiary from Srimartani Village, was relieved to feel safe from landslides. Many houses in Srimartani Village are located on hillsides and are especially
prone to landslides in the rainy season. In addition to the steep slopes, the hillsides consist of rocky terrain that will not hold rainfall. Other homes are in areas prone to unstable soil conditions, where landslides can happen anytime even without excessive rainfall or earthquakes.

Even so, Bu Triyono reports that many in her community were unwilling to leave their ancestral homes.

“Apparently the saying of ‘sedumuk bathuk, senyari bumi’ lingers in the hearts of the villagers. It means no matter how small the land is, they will defend it at whatever cost.”

A geological review of the area helped villagers understand the threat they lived under. And “when a few of the villagers began to state their willingness to move to another location, others who had been quite unwilling began to follow,” says Pak Ruspamuji, Kepala Desa (village chief) of Srimartani.

Despite being given a smaller house, Bu Triyono is not complaining, as her new home is closer to the market, making it easier for her to buy groceries. She can also cultivate her old land with fruits and other crops for additional income.

Of the 13 beneficiary households in Srimartani Village, nine households were moved to Kembangsari Village, and four households live on their own land, not far from the village-owned relocation area.

While villages in Srimartani were not altogether keen to move, Wukirsari Village members have long hoped for help to relocate. The area suffers from landslides during the rainy season and drought in the dry season.

“I believe the relocation program will be very beneficial for the people in landslide-risk areas. In addition to landslides, our region experiences drought during the dry season. I personally have had to supply water to villagers with a tank truck,” says Pak Bayu Bintoro, Kepala Desa of Wukirsari.

Thirty-six households in Wukirsari Village have relocated through the program. Although the relocation was delayed by heavy rain that slowed down the building of new homes, beneficiaries are looking forward to safer and more convenient living conditions.

“My house was destroyed by a landslide. In addition to getting a house in a safer place, we now will have water for our household use year round. I found this relocation program to be very helpful,” says Bu Siti Ngadiroh, a satisfied resident of Wukirsari.
A product expo was held in May 2011 for JRF beneficiaries as part of the livelihood projects closing strategy. The event provided opportunities for them to display and market their products to local consumers.

(GIZ collection)
The Java Reconstruction Fund financed two transitional housing projects to provide safe and durable shelter to eligible earthquake-affected families while permanent houses were being reconstructed.

<table>
<thead>
<tr>
<th>Grant Amount</th>
<th>US$2.32 million (revised; originally US$6.64 million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implementation Period</td>
<td>December 2006 – August 2007</td>
</tr>
<tr>
<td>Partner Agency</td>
<td>World Bank</td>
</tr>
<tr>
<td>Implementing Agency</td>
<td>International Organization for Migration (IOM) and Cooperative Housing Foundation (CHF) International</td>
</tr>
<tr>
<td>Disbursements</td>
<td>US$2.32 million</td>
</tr>
</tbody>
</table>

The transitional shelters provided were in the form of “roof structure kits.” A typical roof structure kit consisted of a wind and weather-proof bamboo structure with a tile roof and was assembled on the existing foundation of the collapsed house where possible. The structures were designed for a minimum life expectancy of two years to provide safe and durable shelter while permanent housing was being constructed. Some components of the kits were reused in the construction of permanent houses, and receipt of the transitional shelter kits did not impact the eligibility of beneficiaries to qualify for permanent housing assistance.

The JRF’s two projects aimed at providing transitional housing have closed, having successfully met their objectives. The International Organization for Migration (IOM) and the Cooperative Housing Foundation (CHF) International, two international development and humanitarian aid organizations which were operating in some of the earthquake affected areas, implemented these two projects with the same objectives. The JRF’s Mid Term Review found that the projects were highly relevant, complementing the Government of Indonesia’s very successful housing reconstruction program by bridging the gap between emergency shelter and permanent housing.

**Major Achievements**

A total of 4,790 transitional shelters were provided through the JRF’s two Transitional Housing projects. IOM provided 1,586 units and CHF provided another 3,204, all of which conformed to the pre-agreed specifications. In addition, the JRF’s permanent housing project, CSRRP, also provided 2,489 transitional houses, bringing the total number of transitional houses delivered by the JRF to 7,279. The project implemented by IOM closed in June 2007, with the CHF implemented project closing shortly after in August 2007, after meeting the need for transitional housing of earthquake affected families.
In the overall response effort, UN data indicates that close to 99 percent of transitional shelter needs were met. The JRF’s contribution to the overall transitional shelter program was relevant and needed, filling the gap in need for adequate living shelters while permanent housing was constructed.

The unprecedented speed of housing reconstruction following the Java earthquake meant that fewer transitional houses were needed than initially anticipated. The JRF’s Transitional Housing targets were therefore revised to take into account the reduction in total number of temporary shelters required. Although fewer transitional shelters were built than originally targeted, the two projects made an important contribution to the overall reconstruction program by meeting the needs of beneficiaries in bridging the gap between emergency shelter and permanent housing.

Observations and Lessons Learned

Transitional shelters are highly valued by beneficiaries as a contribution to recovery. As noted, over 95 percent of beneficiary households felt that temporary housing enabled them to resume their normal household activities while permanent housing was being constructed, and this also speeded up the economic recovery of the affected areas.

The use of bamboo for the structures proved highly successful. The units designed by IOM and CHF were tested for structural soundness in the event of an earthquake by the Gadjah
Mada University. The lightness and flexibility of the material makes it ideal for constructing earthquake-resistant structures. There was no significant impact on the environment, as this renewable resource is widely available in Java and is biodegradable. By using bamboo, affected people were also discouraged from illegally harvesting timber to quickly rebuild their houses. Additionally, in the aftermath of the earthquake, these transitional structures psychologically provided a feeling of a safer structure than houses constructed out of concrete.

Economy of scale impacted the unit cost of transitional shelters. With the considerable reduction in needs and targets, unit costs ended up being higher than anticipated for the transitional shelters. In addition, the last remaining beneficiaries targeted by this project were harder to reach, more scattered and more difficult to identify, resulting in higher time and transport costs. In large scale relief operations, though, it is common that this “last 10 percent” of beneficiaries are generally reached at a higher average cost than the bulk of the beneficiaries.

**Key Achievements at Project Closing**

| Number of roof structure kits delivered to beneficiaries that meet satisfactory basic technical quality | Total: 4,790 |
| IOM: 1,586 |
| CHF: 3,204 |

| Satisfaction rates of beneficiary households (both men and women) on ability to resume their normal household activities through the provision of transitional housing | Men: 95% |
| Women: 99% |
Fact Sheet 2: Community-Based Settlement Rehabilitation and Reconstruction Project (CSRRP, or Rekompak)

CSRRP, implemented by the Ministry of Public Works, aims to rebuild earthquake-resistant houses and community infrastructure. The project also invests in disaster preparedness and mitigation in affected villages using a community-driven approach to planning, prioritization, and implementation.

**Grant Amount**  
US$75.12 million

**Implementation Period**  
December 2006 – June 2012

**Partner Agency**  
World Bank

**Implementing Agency**  
Ministry of Public Works (MPW)

**Disbursements**  
US$73.32 million

The Community-based Settlement Reconstruction and Rehabilitation Project (CSRRP, also referred to by its Indonesian acronym, Rekompak) makes up most of the JRF fund allocation. Based on the successful implementation of a similar project in Aceh, the Government of Indonesia selected this community-based model for the reconstruction and rehabilitation of Java. Project activities are implemented in the two provinces affected by the May 2006 earthquake, DIY and Central Java, parts of West Java affected by a subsequent earthquake and tsunami later the same year, and 88 villages affected by the eruptions of Mount Merapi in October and November 2010. Altogether, CSRRP covers nine districts, working in 270 villages in 60 sub-districts. With the Merapi response, the number of villages in which CSRRP is working will increase to over 310.

The project has four main components: (1) Providing Housing Structures, (2) Recovering Community Infrastructure, (3) Capacity Building of Local Governments and Communities, and (4) Overall Project Management.

The CSRRP/Rekompak has completed its work under the earthquake and tsunami phase of the project, which accounts for most of the funds allocated to the project. The project’s targets in construction of temporary and permanent housing have been met. The construction of more than 15,000 permanent core houses was completed in 2008. The project’s second phase focused on preparing Community Settlement Plans (CSPs) that incorporate disaster risk management. This activity was successfully completed by June 2011 with all 265 targeted CSPs prepared. The CSPs provided the basis for selecting community infrastructure activities to implement, as will the CSPs prepared for those villages affected by Merapi.

The CSRRP provided a successful existing mechanism for the speedy mobilization of support to Merapi victims. The Additional Financing (AF) to the project for the Merapi response funds activities within the existing components of the project and directly contributes to achieving the project’s overall development objective. All proposed activities follow the implementation arrangements that were already in place (for example, using training materials and guidelines for facilitators that were already being used in villages served by Rekompak). The arrangements in place for financial management, funds disbursement and safeguards adherence were also adopted for the additional activities.
With the additional financing and extension of the JRF closing date, the CSRRP project will implement activities until June 2012. The additional financing for the recovery of communities affected by the Merapi eruptions was divided into two phases. The first phase was implemented until June 2011, and allocated US$1.7 million to respond to the effects of the earthquake on 45 villages where the JRF was working at the time of the eruptions. After the JRF was extended to December 31, 2012, a further US$1.8 million was made available for the second phase to expand assistance to 43 additional villages.

The Housing Structures Component, with transitional housing shelters as a sub-component, prioritized meeting interim shelter as well as permanent housing needs. In line with the Government of Indonesia’s housing priorities, providing permanent housing was of highest concern. Work on this through the CSRRP got underway early in the reconstruction efforts, and was concentrated in 104 villages in Klaten district, Central Java Province, and 64 villages in Bantul district in Yogyakarta Special Region. Housing reconstruction under the earthquake and tsunami phase was completed in 2008. The additional financing allocated to the project after the eruption of Mount Merapi will be used to reconstruct an additional 250 permanent core houses.

Initially following the earthquake and tsunami, funds were made available to reestablish basic community infrastructure, which enabled access to affected areas so that reconstruction work could take place. This facilitated a quicker response to the housing reconstruction needs. Additional key community infrastructure was prioritized after housing needs had successfully been met. The project’s Community Infrastructure component includes developing Community Settlement Plans (CSPs) and mainstreaming disaster risk reduction management strategies into these plans and the design of the community infrastructure. Based on the community requirements and using a participatory planning process, projects are identified and prioritized for implementation. These projects include village roads and footpaths, retaining walls, water supply and sanitation facilities and other community-oriented facilities.
The capacity building component of the CSRRP project funds community awareness training and quality assurance activities. This component finances housing task force teams to oversee project implementation, verify compliance with construction standards, provide capacity building for project management at the community level, and train communities in emergency preparedness and mitigation of future disasters. Training sessions also relate to basic construction methods for housing, and the preparation of CSPs and Disaster Risk Reduction strategies.

**Major Achievements**

Through the Housing Structures Component, 15,153 permanent core houses were built to earthquake resistant standards. This work was substantially completed by March 2008, with minor maintenance works finalized by June 2008. Additionally, 2,489 transitional housing shelters were also provided in the earlier stages of the project with the technical support of the facilitators already employed in the areas. As part of the activities being implemented under the Merapi eruption response, thus far the reconstruction of a further 27 permanent core houses have been completed out of a targeted 250. This brings the total number of core houses reconstructed through the project to 15,180.

The CSRRP provided earthquake-resistant core houses that beneficiaries could modify and finish to meet their individual household’s needs. A technical audit by two leading universities (Gadjah Mada University in Yogyakarta, and Diponegoro University in Central Java) reported that the houses are seismic resistant and generally of good quality. The project reports that 96 percent of the houses constructed meet the required seismic standards.

Basic community infrastructure has been restored under the earthquake and tsunami response phase and further investments in community infrastructure are planned as part of the response to the Merapi eruptions. A total of 4,403 community infrastructure activities have been initiated through June 30, 2011. These include 846 roads, culverts and footpaths, 99 bridges, 400 water supply and sanitation activities, 1,550 drainage and irrigation channels, and 1,115 retaining walls built to mitigate future disasters. An additional approximately US$220,000 has been allocated per village for the reconstruction and rehabilitation of small-scale tertiary village infrastructure damaged or destroyed by the eruptions of Merapi.

The CSP process is being implemented in several phases. As of June 30, 2011, the preparation of CSPs had been completed in all 265 villages targeted under the earthquake and tsunami response phases. With the help of local government resources, the CSP process was replicated in additional villages in Central Java, DIY and West Java. With replication, facilitators and CSP preparation were funded by the local government, and funding for the implementation of good CSPs is provided through the JRF. All villages covered by the additional financing to support communities affected by the eruption of Mount Merapi will be required to revise or prepare new CSPs, which will form the basis for the selection of infrastructure projects eligible to receive grant funding. Other logistical support provided under the CSP component includes...
signage for evacuation routes, access roads, and support to fire departments and waste management programs.

Preservation of the area’s cultural heritage was incorporated into the CSRRP project. A sub-component focusing on heritage was implemented under the community infrastructure component in four villages in Kota Gede (DIY) and two villages in Klaten. These activities were identified through the CSP process under the tsunami and earthquake response work, and were initiated to address social and environmental concerns related to the preservation of the unique cultural heritage. Economic considerations were also taken into account in identifying the heritage-focused activities to be implemented.

Village planning processes have shown significant improvements with the implementation of the CSPs and inclusion of DRR. The community-based approach used supports social accountability, transparency, and effective targeting, and has led to high beneficiary satisfaction and a high degree of community ownership. Evidence of the strong community ownership can be seen in the significant contributions made by the communities, especially in the construction and completion of the permanent housing, and community involvement in identifying and implementing community infrastructure activities.

Through the capacity building component of the CSRRP project, communities and facilitators are trained in the preparation of CSPs and Disaster Risk Reduction strategies. To date, 17,906 training sessions and workshops on CSP preparation, DRR and construction methods have been conducted, with 521,306 community members participating. Approximately 28 percent of these participants have been women. A further 1,537 community meetings were held for women only.

### Key Achievements as of June 30, 2011

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of houses rebuilt to seismic-resistant standards</td>
<td>15,180</td>
</tr>
<tr>
<td>Number of housing community groups established</td>
<td>1,325 housing groups consisting of 15,222 households</td>
</tr>
<tr>
<td>Number of CSP, DRR and construction training programs and workshops held, and number of community participants</td>
<td>17,906; 521,306 participants (28% women)</td>
</tr>
<tr>
<td>Number of emergency preparation plans (CSPs) prepared</td>
<td>265 completed; 2 revised and updated</td>
</tr>
<tr>
<td>Number and type of key community infrastructure under construction or completed</td>
<td>Total 4,403 infrastructure projects consisting of:</td>
</tr>
<tr>
<td></td>
<td>846 village roads, culverts and footpaths</td>
</tr>
<tr>
<td></td>
<td>99 bridges</td>
</tr>
<tr>
<td></td>
<td>1,115 retaining wall projects</td>
</tr>
<tr>
<td></td>
<td>400 water supply &amp; sanitation facility restoration projects</td>
</tr>
<tr>
<td></td>
<td>45 heritage restoration projects</td>
</tr>
<tr>
<td></td>
<td>40 meeting points for emergency evacuation</td>
</tr>
</tbody>
</table>
**Fact Sheet 3: Livelihood Recovery in DIY and Central Java (JRF Livelihoods Recovery–GIZ)**

This project is contributing to the Government of Indonesia’s initiatives to assist micro, small, and medium enterprises (MSMEs) affected by the earthquake to revitalize their businesses and to re-integrate affected low income communities into economic life. Implemented by the German organization, GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit, GmbH), this is one of two JRF projects supporting livelihood recovery in earthquake affected areas of Yogyakarta and Central Java.

<table>
<thead>
<tr>
<th>Grant Amount</th>
<th>US$11.26 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implementation Period</td>
<td>May 2009 – September 2011</td>
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<tr>
<td>Partner Agency</td>
<td>World Bank</td>
</tr>
<tr>
<td>Implementing Agency</td>
<td>Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ)</td>
</tr>
<tr>
<td>Disbursements as of June 30, 2011</td>
<td>US$10.76 million</td>
</tr>
</tbody>
</table>

The GIZ Livelihood Recovery project aims to ensure a sustainable revitalization of micro, small and medium enterprises (MSMEs) through enhancing their access to working capital and sustainable income generating opportunities. MSMEs affected by the earthquake are assisted through access to finance combined with technical assistance.

This is achieved through four components which focus on: (1) Access to finance linked to technical assistance for MSEs, (2) Defaulting loan work out strategies for viable enterprises, (3) Restoring full capacity and creating opportunities for improving competitiveness of medium enterprises, and (4) Project management, monitoring and evaluation for efficient implementation of the project.

The Access to Finance component provides technical and financial assistance to eligible micro and small enterprises (MSEs). Loans are made available to MSEs through the state-owned PT Permodalan Nasional Madani (PNM), which serves as the apex institution for the revolving loan funds, and a number of partner financial institutions including Bank Perkreditan Rakyat (BPR) and cooperatives. Technical assistance (TA) is provided to eligible MSEs in close cooperation with the district governments. Supporting TA is also provided to participating financial institutions to ensure broad outreach and the sustainable use of the revolving credit fund after the project closes.

Under component 2, the project assists eligible small and medium enterprises (SMEs) whose loans are in arrears as a result of the earthquake to renegotiate or “work-out” the loans. Selected microfinance institutions (MFIs) receive capacity building TA to address the needs of defaulting borrowers. The project also provides technical assistance in business development to improve the sustainability of results.
and financial assistance to eligible medium size enterprises with a view to improving competitiveness and increasing employment.

Component 3 provides both financial and technical assistance to medium enterprises (MEs). Beneficiaries are assessed and provided with ongoing technical assistance in product development, marketing and promotion. Participating MEs are also assisted in applying for loans through the project’s revolving loan funds where appropriate.

Following the project’s Mid Term Review conducted by the World Bank, the JRF Steering Committee approved a request to redistribute funds across the components in order to better respond to the evolving credit needs of MSMEs. In the four years following the earthquake, the need for financial assistance for defaulting borrowers (Component 2) and the demand for loans for MEs (Component 3) had decreased, while the demand for financial assistance for micro and small enterprises (Component 1) remained strong. Therefore, the project requested to redistribute US$1.58 million from Components 2 and 3 to Component 1. The redistribution was endorsed by the Steering Committee in October 2010, allowing the project to support more MSEs at the grassroots level.

Major Achievements

Targets under the access to finance component have been achieved with a total of 10,056 loans disbursed to MSEs by June 30, 2011. Loans amounting to US 5 million have been disbursed to 26 microfinance institutions. The project scaled up rapidly once institutional arrangements were in place and exceeded its target of 8,800 MSEs receiving financial assistance. Disbursement of project loan funds to MFIs was completed by June 30, 2011, but MFIs continue disbursing loans
to recipients using the project’s revolving loan fund.

Technical assistance has been provided to 1,851 MSEs in 25 villages in coordination with seven district governments, exceeding the original targets. Participating MSEs have improved their capacities through production skills trainings in the following productive activities: furniture/ carpentry, food processing/snacks, organic fertilizers, handicrafts, weaving, batik, and garment production. In addition to production skills training, 1,419 MSEs received follow-up training in basic entrepreneurship skills and business development to improve the sustainability of results. Marketing initiatives supported by the project helped these MSEs to access new markets.

Earthquake-related non-performing loans at the 12 participating BPRs have been reduced by 45 percent since the project began. Under component 2, the loans of 838 defaulting BPR debtors were assessed and 759 out of these were recommended for the development of individual work-out strategies. Loan work-outs were developed for 582 of these debtors, out of which 334 had so far fully repaid their loans by June 30. Training on credit analysis and management of defaulting loans has been provided for 147 loan officers from 78 BPR. The training increases portfolio management capacities of loan officers with the aim to decrease loan loss risk and improve the soundness of the MFI.

Under the assistance to medium enterprises component, 42 medium enterprises have been supported with training and marketing assistance. 22 eligible medium enterprises have received loans as of June 30 amounting to a total of US$419,600. Project monitoring indicates that the support for MEs has been effective in creating additional employment.

Gender inclusiveness is embedded in all components of the project. As of June 30, 2011, 57 percent of borrowers and 44 percent of beneficiaries receiving technical assistance are women, exceeding the target of at least 30 percent participation of women.
The project’s target does not include the additional borrowers who will benefit from revolving funds after the first loans have been repaid. The revolving loan funds are anticipated to continue benefitting livelihood recovery and business expansion for MSMEs in Central Java and DIY for up to 10 years after the project’s closing date. As part of the project’s exit strategy, local government capacity is being developed to monitor the ongoing micro-finance activities after the project ends. Additional financing of US$0.5 million to enhance this exit strategy and document impacts and lessons learned was approved by the JRF Steering Committee in February 2011. Capacity building for MFI management and local government institutions as part of the exit strategy has been completed through workshops held at both provincial and district levels. Commitment from local government will be critical if these beneficiaries are to continue to have access to the revolving loan fund beyond the project end.

A joint closing event for the JRF Livelihoods Recovery program held in Yogyakarta on June 13-14, 2011 was carried out in collaboration with IOM. The event was well-attended by government officials, donors, the media, and other relevant stakeholders.

The GIZ-implemented Livelihoods Recovery project has generated significant lessons learned and provides a model that can be adapted for livelihoods recovery in future post-disaster responses. In Indonesia, the government’s National Community Empowerment Program (PNPM) is now developing a revolving fund component and lessons from this project and others have contributed to its design and institutional arrangements. GIZ is currently finalizing the project’s final impact assessment and documentation of lessons learned and the project will close on September 30, 2011.

### Key Achievements as of June 30, 2011

<table>
<thead>
<tr>
<th>Area</th>
<th>Achievement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MSMEs increase their net business income</strong></td>
<td>74% (based on preliminary project assessments, final impact assessment is on-going)</td>
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<tr>
<td></td>
<td>10,056 MSEs receiving financial assistance (i.e. loans)</td>
</tr>
<tr>
<td></td>
<td>1,851 MSEs receiving technical assistance</td>
</tr>
<tr>
<td><strong>MSMEs with BPR loans in arrears repay their loan and restore their creditworthiness</strong></td>
<td>• Individual loan work-outs developed for 582 MSMEs</td>
</tr>
<tr>
<td></td>
<td>• 334 MSMEs have fully repaid their loans</td>
</tr>
<tr>
<td><strong>Strengthening MFI:</strong></td>
<td>147 loan officers of 78 BPR trained on credit analysis &amp; defaulting loan management</td>
</tr>
<tr>
<td><strong>The number of non-performing loans (NPL) caused by the earthquake drops. Participating BPR increase the actual loan portfolio quality.</strong></td>
<td>NPL caused by earthquake decreased more than 45% (based on data from 12 cooperating BPR)</td>
</tr>
<tr>
<td><strong>Assisted medium-sized enterprises (MEs) increase employment (including employment in value chain)</strong></td>
<td>39 of 45 MEs receiving assistance report increased employment in the value chain through the project support.</td>
</tr>
<tr>
<td></td>
<td>• 22 loans disbursed to MEs (nearly US$420,000)</td>
</tr>
<tr>
<td></td>
<td>• 42 MEs participated in technical assistance and marketing assistance</td>
</tr>
</tbody>
</table>

This project contributes to the GOI’s initiatives to support the recovery of micro and small enterprises (MSEs) in Yogyakarta and Central Java and enable them to reach at least their pre-earthquake capacity through enhanced access to finance and targeted assistance.

Grant Amount  
US$5.98 million

Implementation Period  
March 2008 – June 2011

Partner Agency  
World Bank

Implementing Agency  
International Organization for Migration (IOM)

Disbursements as of June 30, 2011  
US$4.87 million

IOM’s final impact assessment showed the project had brought about positive changes in the level of decision-making power of women in both their businesses and communities. More than 40 percent of the project’s MSE beneficiaries are led by women.

This is one of two JRF projects that aim to support the recovery of livelihoods in the earthquake affected areas in Yogyakarta and Central Java. The objective of this project, implemented by the International Organization for Migration (IOM), is to assist at least 4,300 micro- and small enterprises (MSEs) in restoring their pre-disaster operating capacity in various districts of Yogyakarta and Central Java affected by the devastating May 2006 earthquake. The project targets 25 earthquake-affected communities providing asset replacements for MSE beneficiaries combined with technical assistance, marketing support and small-scale infrastructure rehabilitation.

The project objective is to be achieved through the implementation of four project components: (1) Assessment and Selection of MSE Beneficiaries, (2) Asset Replacement, (3) Assistance for Market Access, and (4) Capacity-building Technical Assistance. A planned access-to-finance component was cancelled based on the recommendation of the project’s mid-term review in 2009. Funds allocated for this component were reallocated to the other four components implemented by IOM. The project completed all activities and closed on June 30, 2011.

The IOM project was scaled up to reach more beneficiaries and increase impact through US$1.5 million in additional financing approved by the SC in October 2010. Through this additional financing, the project has extended its outreach to seven additional villages with 1,000 new beneficiaries for technical assistance and business development skills, for a total target of 4,300 beneficiaries. IOM’s exit strategy involved enhancing the capacity of local government and civil society in preparing for and mitigating risks from future disasters, which became even more relevant following the Merapi eruptions.

Major Achievements

The project closed on June 30, 2010, having demonstrated significant achievements in supporting livelihood recovery in the targeted areas. IOM had identified more than 4,400 MSE in 25 villages through beneficiary assessments, exceeding its revised targets of 4,300 MSEs. Of these, nearly 42 percent are enterprises run or owned by women, compared to the target of 30 percent. More than 87 percent of these MSE beneficiaries.

IOM’s final impact assessment showed the project had brought about positive changes in the level of decision-making power of women in both their businesses and communities. More than 40 percent of the project’s MSE beneficiaries are led by women.
The IOM Livelihoods Recovery Project has facilitated more than 2,200 beneficiaries to attend local and national-level fairs and exhibitions. IOM also facilitated networking events for beneficiaries through a variety of marketing and product innovation workshops. IOM worked with Village Promotion Teams to strengthen links with potential buyers and promote the expansion of market access opportunities.

Under the Asset Replacement component the project has provided assets to more than 3,000 beneficiaries covering a range of productive activities including livestock and vegetable production, agro-food processing, zinc tile production, and various handicrafts such as batik and silver jewelry. Community level assets and public facilities restored include an irrigation system benefiting 127 farming households in Kebon village, Klaten district in Central Java, as well as nine biogas plants, 52 communal livestock pens, 18 production facilities, and community infrastructure including a community center, and the rehabilitation of a drainage canal and community road.

Beneficiary surveys indicate that improving access to markets remains a high priority for MSEs. Under the Assistance for Market Access component, the project has facilitated more than 2,200 beneficiaries to attend local and national-level fairs and exhibitions. IOM also facilitated networking events for beneficiaries through a variety of marketing and product innovation workshops. IOM worked with Village Promotion Teams to strengthen links with potential buyers and promote the expansion of market access opportunities.

The Capacity Building and Technical Assistance component encompassed government and civil society capacity building as well as technical assistance for MSEs. More than 4,300 MSEs participated in technical skills training for a range of production activities including livestock, organic farming and handicraft production. In addition, the project provided MSEs with business development training which included bookkeeping and the development of business plans. A course on access to finance was introduced to increase participants’ knowledge regarding microfinance institutions and their financial products in order to enhance their ability to access micro-credit for business expansion. The project supported
Local government officials conduct a joint visit with IOM. Numerous workshops were conducted as part of the project’s exit strategy to build local government capacity for supporting livelihood recovery activities after the project closes. (IOM collection)

The project’s strong communications and outreach efforts contributed to transparency and accountability in project implementation as well as positive public awareness about the project. The project operated a special SMS hotline as a transparency and anticorruption mechanism. No incidences of fraud were reported but this mechanism was frequently used to request information about the program. Project information is disseminated through JRF-IOM information boards erected in all target communities as well as through a project website and numerous publications. The project has received significant coverage in local, national and international media.

The JRF-IOM Livelihood Recovery project was selected as one of 20 innovative projects worldwide for crisis recovery by the World Bank’s annual Financial and Private Sector Development Forum. The project was selected due to its success in providing innovative solutions to post-crisis challenges and in creating livelihood opportunities. The project was presented to participants at the forum in Washington DC in March 2010.

The project conducted a networking event in Jakarta in May 2011 on the theme “Partnerships for Sustainability” designed to link beneficiary groups to potential buyers and donors, including representatives from private sector Corporate Social Responsibility (CSR) programs. The final closing event for the JRF Livelihood Recovery program was held in Yogyakarta in June 2011 in conjunction with the GIZ.

The IOM-implemented Livelihoods Recovery project has developed a successful model for asset replacement and improving technical and business skills for a diverse group of microenterprises in a post-disaster context. The important lessons generated from implementation of this project in terms of building effective partnerships with local government and beneficiaries to support livelihood recovery will be disseminated widely so that they can inform the design of similar projects in other post-disaster settings.
More than 4,300 MSEs participated in technical and business skills training through the IOM Livelihoods Recovery Project. Over 90 percent of the beneficiaries expressed satisfaction with the overall assistance offered through the IOM workshops.

IOM collection

### Key Achievements as of June 30, 2011

<table>
<thead>
<tr>
<th>Metric</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of MSE assessed</td>
<td>4,456 (42% women)</td>
</tr>
<tr>
<td>Number of MSE receiving and using assets in production</td>
<td>3,032 (49% women)</td>
</tr>
<tr>
<td>Number of production/public facilities restored</td>
<td></td>
</tr>
<tr>
<td>• 1 Community Centre</td>
<td></td>
</tr>
<tr>
<td>• 1 Irrigation System</td>
<td></td>
</tr>
<tr>
<td>• 18 production facilities</td>
<td></td>
</tr>
<tr>
<td>• 52 communal livestock pens</td>
<td></td>
</tr>
<tr>
<td>• 9 Biogas Plants</td>
<td></td>
</tr>
<tr>
<td>• 150 m drainage system upgraded</td>
<td></td>
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<tr>
<td>• 100 m community road rehabilitated</td>
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<tr>
<td>Number of MSE with improved market access</td>
<td>3,876 (of which 40% are women)</td>
</tr>
<tr>
<td>Number of MSE facilitated in fairs / expos</td>
<td>2,230 (of which 81% are women)</td>
</tr>
<tr>
<td>Number of MSE participating in technical assistance</td>
<td>4,342 (of which 41% are women)</td>
</tr>
<tr>
<td>Number of MSE with financial records</td>
<td>4,206</td>
</tr>
<tr>
<td>Number of MSE with business plans</td>
<td>4,049 (of which 43% are women)</td>
</tr>
<tr>
<td>Number of capacity-building workshops for local government conducted</td>
<td>43</td>
</tr>
</tbody>
</table>
Map of JRF-funded Activities in Central Java, Yogyakarta and West Java