IMPLEMENTATION COMPLETION AND RESULTS REPORT
(TF-57307)

ON A
GRANT
IN THE AMOUNT OF US$25.75 MILLION
TO THE
REPUBLIC OF INDONESIA
FOR A
NIAS: KECAMATAN-BASED RECONSTRUCTION AND REHABILITATION
PLANNING PROJECT

December 30, 2011

Sustainable Development Department
East Asia and Pacific Region
CURRENCY EQUIVALENTS
(Exchange Rate Effective December 2011)

Currency Unit = Indonesian Rupiah (Rp)
Rp. 1,000 = US$0.1126
US$1.00 = Rp. 8,995

FISCAL YEAR
January 1 – December 31

ABBREVIATIONS AND ACRONYMS

ACAP   Anti Corruption Action Plan
ADB    Asian Development Bank
AusAID The Australian Agency for International Development (AusAID)
BRR    Reconstruction and Rehabilitation Agency for NAD and Nias
Bupati District Head
Camat  Sub-District Head
CAS    Country Assistance Strategy
CDD    Community Driven Development
CPAR   Country Procurement Assessment Review
CPS    Country Partnership Strategy
CQS    Consultant Qualification Selection
DAU    General Block Grant to Districts
DPRD   Provincial and District Parliaments
FM     Financial Management
FMS    Financial Management Specialist
FAD    Inter-village forums
FY     Fiscal Year
GoI    Government of Indonesia
ICR    Implementation Completion and Results Report
Kabupaten District
KDP    Kecamatan Development Project
Kecamatan Sub-District
KP     Housing Team
KPPN   Provincial Office of the National Treasury
KRRP   Kecamatan-based Reconstruction and Rehabilitation Project in Nias Island
M&E    Monitoring and Evaluation
MDTFANS Multi-Donor Trust Fund for Aceh and North Sumatra
MDF    often used for MDTFANS
MIS    Management Information System
MoF    Ministry of Finance
MOHA   Ministry of Home Affairs
NGO    Non-Government Organization
NMC    National Management Consultants
O&M    Operation and Maintenance
PDO    Project Development Objective
PjOK   Local Project Manager
PMU    Project Management Unit
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>PMD</td>
<td>Community Development Agency in the Ministry of Home Affairs</td>
</tr>
<tr>
<td>PNPM</td>
<td>National Community Empowerment Program (successor of KDP)</td>
</tr>
<tr>
<td>REKOMPAK</td>
<td>Rehabilitasi dan Rekonstruksi Masyarakat dan Permukiman Berbasis Komunitas</td>
</tr>
<tr>
<td>TKP</td>
<td>Implementation Coordination Team (at community level)</td>
</tr>
<tr>
<td>UNICEF</td>
<td>United Nations Children’s Fund</td>
</tr>
<tr>
<td>UPK</td>
<td>Sub-district Financial Management Unit</td>
</tr>
</tbody>
</table>

Vice President: James W. Adams  
Country Director: Stefan Koeberle  
Sector Manager: Franz Drees-Gross  
Project Team Leader: Sentot Satria  
ICR Team Leader: Festina Lavida
INDONESIA
NIAS: KECAMATAN-BASED RECONSTRUCTION AND REHABILITATION PLANNING PROJECT

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MAP
A. Basic Information

<table>
<thead>
<tr>
<th>Country</th>
<th>Indonesia</th>
<th>Project Name</th>
<th>ID-KDP Nias</th>
</tr>
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<tbody>
<tr>
<td>Project ID</td>
<td>P100766</td>
<td>L/C/TF Number(s)</td>
<td>TF-57307</td>
</tr>
<tr>
<td>ICR Date</td>
<td>11/13/2011</td>
<td>ICR Type</td>
<td>Core ICR</td>
</tr>
<tr>
<td>Lending Instrument</td>
<td>ERL</td>
<td>Grantee:</td>
<td>REPUBLIC OF</td>
</tr>
<tr>
<td>Original Total Commitment:</td>
<td>US$25.75M</td>
<td>Disbursed Amount:</td>
<td>USD 25.75M</td>
</tr>
<tr>
<td>Revised Amount:</td>
<td>US$25.75M</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Environmental Category:** B

**Implementing Agencies:**
- Ministry of Home Affairs

**Cofinanciers and Other External Partners:**

B. Key Dates

<table>
<thead>
<tr>
<th>Process</th>
<th>Date</th>
<th>Process</th>
<th>Original Date</th>
<th>Revised / Actual Date(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appraisal</td>
<td>06/13/2006</td>
<td>Restructuring(s)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Closing</td>
<td>12/31/2009</td>
<td>06/30/2011</td>
</tr>
</tbody>
</table>

C. Ratings Summary

C.1 Performance Rating by ICR

- Outcomes: Satisfactory
- Risk to Development Outcome: Moderate
- Bank Performance: Satisfactory
- Grantee Performance: Moderately Satisfactory

C.2 Detailed Ratings of Bank and Borrower Performance (by ICR)

<table>
<thead>
<tr>
<th>Bank</th>
<th>Ratings</th>
<th>Borrower</th>
<th>Ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality at Entry:</td>
<td>Satisfactory</td>
<td>Government:</td>
<td>Moderately Satisfactory</td>
</tr>
<tr>
<td>Quality of Supervision:</td>
<td>Satisfactory</td>
<td>Implementing Agency/Agencies:</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Overall Bank Performance:</td>
<td>Satisfactory</td>
<td>Overall Borrower Performance:</td>
<td>Moderately Satisfactory</td>
</tr>
</tbody>
</table>
C.3 Quality at Entry and Implementation Performance Indicators

<table>
<thead>
<tr>
<th>Implementation Performance</th>
<th>Indicators</th>
<th>QAG Assessments (if any)</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Potential Problem Project at any time (Yes/No):</td>
<td>Yes</td>
<td>Quality at Entry (QEA):</td>
<td>None</td>
</tr>
<tr>
<td>Problem Project at any time (Yes/No):</td>
<td>Yes</td>
<td>Quality of Supervision (QSA):</td>
<td>None</td>
</tr>
<tr>
<td>DO rating before Closing/Inactive status:</td>
<td>Moderately Satisfactory</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

D. Sector and Theme Codes

<table>
<thead>
<tr>
<th>Sector Code (as % of total Bank financing)</th>
<th>Original</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other social services</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Theme Code (as % of total Bank financing)</th>
<th>Original</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other social development</td>
<td>33</td>
<td>33</td>
</tr>
<tr>
<td>Social analysis and monitoring</td>
<td>67</td>
<td>67</td>
</tr>
</tbody>
</table>

E. Bank Staff

<table>
<thead>
<tr>
<th>Positions</th>
<th>At ICR</th>
<th>At Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vice President:</td>
<td>James W. Adams</td>
<td>Jeffrey S. Gutman</td>
</tr>
<tr>
<td>Country Director:</td>
<td>Stefan G. Koeberle</td>
<td>Andrew D. Steer</td>
</tr>
<tr>
<td>Sector Manager:</td>
<td>Franz R. Drees-Gross</td>
<td>Maria Teresa Serra</td>
</tr>
<tr>
<td>Project Team Leader:</td>
<td>Sentot Surya Satria</td>
<td>Scott E. Guggenheim</td>
</tr>
<tr>
<td>ICR Team Leader:</td>
<td>Festina Lavida</td>
<td></td>
</tr>
<tr>
<td>ICR Primary Author:</td>
<td>Heinrich K. Unger</td>
<td></td>
</tr>
</tbody>
</table>

F. Results Framework Analysis

Project Development Objectives (from Project Appraisal Document)
Project Development Objective is to support BRR's (Badan Rehabilitasi dan Rekonstruksi) strategy for district and provincial reconstruction and rehabilitation by providing housing, schools, local government offices and infrastructure for resettlement in Nias Island.

Revised Project Development Objectives (as approved by original approving authority)
The PDO were not revised.
(a) PDO Indicator(s)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Baseline Value</th>
<th>Original Target Values (from approval documents)</th>
<th>Formally Revised Target Values</th>
<th>Actual Value Achieved at Completion or Target Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicator 1</td>
<td>Percentage (number) of houses project-built houses occupied by target families</td>
<td>Value quantitative or Qualitative) 0</td>
<td>&gt;80% (4,000 units)</td>
<td>-</td>
</tr>
<tr>
<td>Date achieved</td>
<td>10/26/2006</td>
<td>06/30/2011</td>
<td>06/30/2011</td>
<td></td>
</tr>
<tr>
<td>Comments (incl. % achievement)</td>
<td>4,491 houses only were built but the percentage of houses occupied exceeded the target.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indicator 2</td>
<td>Number of children enrolled in project-built schools</td>
<td>Value quantitative or Qualitative) 0</td>
<td>&gt;5,000 students</td>
<td>-</td>
</tr>
<tr>
<td>Date achieved</td>
<td>10/26/2006</td>
<td>06/30/2011</td>
<td>06/30/2011</td>
<td></td>
</tr>
<tr>
<td>Comments (incl. % achievement)</td>
<td>Number of children enrolled in project-built schools is far more than the target because the original target was low. With average of 5 classes per school and 40 students per class for 100 schools the number of benefitting students 20,000.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indicator 3</td>
<td>Percentage (number) of Local Government offices (Village Halls) in use</td>
<td>Value quantitative or Qualitative) 0</td>
<td>&gt;80% (80 units)</td>
<td>-</td>
</tr>
<tr>
<td>Date achieved</td>
<td>10/26/2006</td>
<td>06/30/2011</td>
<td>06/30/2011</td>
<td></td>
</tr>
<tr>
<td>Comments (incl. % achievement)</td>
<td>More village halls were built than the target and the rate of use is higher than the target.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indicator 4</td>
<td>Percentage of project communities satisfied with planning process and services provided by the project.</td>
<td>Value quantitative or Qualitative) 0</td>
<td>&gt;70%</td>
<td>-</td>
</tr>
<tr>
<td>Date achieved</td>
<td>10/26/2006</td>
<td>06/30/2011</td>
<td>06/30/2011</td>
<td></td>
</tr>
<tr>
<td>Comments (incl. % achievement)</td>
<td>A sample of 147 beneficiaries was surveyed in all sub-districts covered by the Project.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### (b) Intermediate Outcome Indicator(s)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Baseline Value</th>
<th>Original Target Values (from approval documents)</th>
<th>Formally Revised Target Values</th>
<th>Actual Value Achieved at Completion or Target Years</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Indicator 1</strong>: Number of houses built</td>
<td>0</td>
<td>5,000 units</td>
<td>-</td>
<td>4,491 units</td>
</tr>
<tr>
<td>Value (quantitative or Qualitative)</td>
<td>0</td>
<td>5,000 units</td>
<td>-</td>
<td>4,491 units</td>
</tr>
<tr>
<td>Date achieved</td>
<td>10/26/2006</td>
<td>06/30/2011</td>
<td>06/30/2011</td>
<td></td>
</tr>
<tr>
<td>Comments (incl. % achievement)</td>
<td>The number of houses to be built was revised downward to 4,491 units mainly due to implementation delays.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Indicator 2</strong>: Number of school built</td>
<td>0</td>
<td>100 units</td>
<td>-</td>
<td>100 units</td>
</tr>
<tr>
<td>Value (quantitative or Qualitative)</td>
<td>0</td>
<td>100 units</td>
<td>-</td>
<td>100 units</td>
</tr>
<tr>
<td>Date achieved</td>
<td>10/26/2006</td>
<td>06/30/2011</td>
<td>06/30/2011</td>
<td></td>
</tr>
<tr>
<td>Comments (incl. % achievement)</td>
<td>100 units were but one school was not completed and can barely be used. It is expected that the relevant local government will complete it.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Indicator 3</strong>: Number of Local Government Offices (Village Halls)</td>
<td>0</td>
<td>100 units</td>
<td>-</td>
<td>110 units</td>
</tr>
<tr>
<td>Value (quantitative or Qualitative)</td>
<td>0</td>
<td>100 units</td>
<td>-</td>
<td>110 units</td>
</tr>
<tr>
<td>Date achieved</td>
<td>10/26/2006</td>
<td>06/30/2011</td>
<td>06/30/2011</td>
<td></td>
</tr>
<tr>
<td>Comments (incl. % achievement)</td>
<td>More village halls were built than the target.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Indicator 4</strong>: Kilometers of road built, meters of drainage and number of water systems</td>
<td>0</td>
<td>No target set.</td>
<td>-</td>
<td>131 km road, 4,366 m drains, 10 bridges and 11.8 km water supply</td>
</tr>
<tr>
<td>Value (quantitative or Qualitative)</td>
<td>0</td>
<td>No target set.</td>
<td>-</td>
<td>131 km road, 4,366 m drains, 10 bridges and 11.8 km water supply</td>
</tr>
<tr>
<td>Date achieved</td>
<td>10/26/2006</td>
<td>06/30/2011</td>
<td>06/30/2011</td>
<td></td>
</tr>
<tr>
<td>Comments (incl. % achievement)</td>
<td>No specific quantitative targets had been set, but there was a target of 100 infrastructure projects; 149 projects have been implemented.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Indicator 5</strong>: Percentage of infrastructure classified as &quot;fair&quot; to &quot;excellent&quot; quality based on technical expert review.</td>
<td>0</td>
<td>70%</td>
<td>-</td>
<td>84.55%</td>
</tr>
<tr>
<td>Value (quantitative or Qualitative)</td>
<td>0</td>
<td>70%</td>
<td>-</td>
<td>84.55%</td>
</tr>
<tr>
<td>Date achieved</td>
<td>10/26/2006</td>
<td>06/30/2011</td>
<td>06/30/2011</td>
<td></td>
</tr>
<tr>
<td>Comments (incl. % achievement)</td>
<td>A sample 137 sub-projects in Nias and 79 sub-projects in Nias Selatan was reviewed by the project staff and 84.55% were found to be of good or excellent quality.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Indicator 6</strong>: Number of persons (especially women and poor) participating in various steps of the project processes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value (quantitative or Qualitative)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Date achieved</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comments (incl. % achievement)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Indicators

**Indicator 7:** Number of project kecamatan that completed the full project planning and implementation cycles

<table>
<thead>
<tr>
<th>Value (quantitative or Qualitative)</th>
<th>Date achieved</th>
<th>Comments (incl. % achievement)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>10/26/2006</td>
<td>91,032 women participated in different steps of the project processes, including 12 meetings, and 21,933 women participated as laborers.</td>
</tr>
<tr>
<td></td>
<td>06/30/2011</td>
<td>112,965 women</td>
</tr>
<tr>
<td>7 of 9 kecamatan</td>
<td>06/30/2011</td>
<td>9 of 9 kecamatan</td>
</tr>
<tr>
<td></td>
<td></td>
<td>All nine project kecamatan participated fully in all aspects and processes of the project throughout the implementation period.</td>
</tr>
</tbody>
</table>

**Indicator 8:** Complaints system is operational and percentage of complaints resolved

<table>
<thead>
<tr>
<th>Value (quantitative or Qualitative)</th>
<th>Date achieved</th>
<th>Comments (incl. % achievement)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>10/26/2006</td>
<td>The complaints handling system was fully operational and exceeded the set target.</td>
</tr>
<tr>
<td>&gt;70%</td>
<td>06/30/2011</td>
<td>75%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**G. Ratings of Project Performance in ISRs**

<table>
<thead>
<tr>
<th>No.</th>
<th>Date ISR Archived</th>
<th>DO</th>
<th>IP</th>
<th>Actual Disbursements (USD millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>06/10/2008</td>
<td>Moderately Satisfactory</td>
<td>Moderately Satisfactory</td>
<td>10.15</td>
</tr>
<tr>
<td>2</td>
<td>10/08/2008</td>
<td>Moderately Satisfactory</td>
<td>Moderately Satisfactory</td>
<td>10.15</td>
</tr>
<tr>
<td>3</td>
<td>06/30/2009</td>
<td>Moderately Unsatisfactory</td>
<td>Moderately Unsatisfactory</td>
<td>10.15</td>
</tr>
<tr>
<td>4</td>
<td>02/17/2010</td>
<td>Moderately Satisfactory</td>
<td>Moderately Satisfactory</td>
<td>25.75</td>
</tr>
<tr>
<td>5</td>
<td>05/16/2011</td>
<td>Moderately Satisfactory</td>
<td>Moderately Satisfactory</td>
<td>25.75</td>
</tr>
</tbody>
</table>

**H. Restructuring (if any)**

Not Applicable
I. Disbursement Profile

![Disbursement Profile Graph]

- Original
- Formally Revised
- Actual
1. Project Context, Development Objectives and Design

1.1 Context at Appraisal

*Damage in Nias.* The earthquakes and tsunamis that had struck Indonesia and several other countries in the Indian Ocean region on December 26, 2004, resulted in one of the worst natural disasters – in terms of lives lost – in recorded human history. In Indonesia, the province of Aceh and the island of Nias (off the northwest coast of Sumatra) in the Province of North Sumatra bore the major brunt of the disaster and suffered the worst damage. To make matters worse, another earthquake struck Nias three months later on March 28, 2005, killed more than 700 people, leveled or badly damaged some 10,000 to 12,000 houses, and significantly changed the very physical layout of the island.

Damage in Nias was erratic and not as obvious as it was in Aceh. Earthquake damage affected a large number of villages, but only a fraction of buildings collapsed in each village. More houses were swept away on the west coast of Nias – the same area that had also been most affected by the tsunami – but even there significant numbers of buildings remained standing. Hence, while issues such as clarifying land titles were much less of a problem in Nias than in Aceh, the challenge of covering large numbers of partially affected villages in very remote and isolated areas was much greater.

Many village and kecamatan government offices had been damaged or collapsed during the earthquake. Rebuilding damaged village halls and offices, or building new ones where none had previously existed, were a high priority for rebuilding community fabric and cohesion in Nias. Also, in many villages, critical public infrastructure, i.e. mainly access roads and / or drains, was either damaged or inadequate; many of these infrastructure gaps were linked to housing and schools.

*Government and Donor Response.* Originally during 2005, sufficient commitments had been made for housing reconstruction in Nias by governments and non-governmental donors to meet the needs as assessed. However, in 2006, BRR’s assessment of damage and reconstruction support for Nias concluded that the island was suffering from a gap between reconstruction needs and the availability of support. Many donor organizations had started to realize that they would not be able to provide the level of assistance that they had originally committed to. This problem was further exacerbated by the relatively small number of donor agencies and NGOs working on Nias, the difficulty of communications, and the much poorer, less developed and under-serviced rural economy.

At the time, the Badan Rehabilitasi dan Rekonstruksi (BRR)\(^1\) was coordinating an effective housing working group in Nias, and they re-negotiated more realistic commitments by donors. Eventually BRR, together with the housing group, came up with _______

\(^1\) BRR was the entity established by the Government of Indonesia (GOI) and charged with coordinating and implementing rehabilitation and reconstruction activities in Aceh and Nias. Its head office was in Banda Aceh, and it had an important branch office in Nias.
a final housing plan that allowed the Bank to prepare and design a project to meet the gap in housing units and other essential community facilities.

Similarly for schools, in 2005 United Nations Children’s Education Fund (UNICEF) had already targeted the reconstruction of 120 priority schools that had been affected by the tsunami. As there were still more damaged school buildings, the Bank worked with UNICEF and BRR to identify the next 100 priority primary and middle schools, using the same needs criteria that UNICEF had employed in the first phase.

Community-based recovery planning had been at the core of the reconstruction planning process in Aceh and Nias virtually since the disaster struck on December 26, 2004. Global as well as Indonesian experience showed that community-based approaches to recovery will, under most circumstances, produce results more quickly, involve more affected people in their own recovery, and are more likely to lead to sustainable solutions than top-down strategies can ever hope to achieve.

Because of the high dispersion of the damages, a community-based approach to reconstruction was thought to be particularly appropriate for Nias. Community social structure has been strong, and while communities lacked technical skills and market access, they would be able to rebuild large numbers of houses simultaneously rather than waiting for contractors to mobilize in sequence. For these reasons, the MDF-funded Aceh-Nias Kecamatan Development Project (KDP) had been approved in 2005 and was being implemented starting in 2006.

Community-based approaches were also thought to be more likely to promote local solutions to problems of social conflict. Such conflicts would be common in reconstruction situations where differential damages should translate into different entitlements. Studies elsewhere in Indonesia had documented that community-level negotiations could overcome the most common sources of conflict, and conflict-sensitive reconstruction planning could help ensure that in most cases, other, incipient sources of conflicts were monitored and mitigated.

**Rationale for Bank Involvement.** The Bank was well aware of the high risks of working in Nias due to the inflated costs, the difficult terrain and the social challenges in Nias. There were a number of difficulties with the implementation of KDP-1 and KDP-2 on the island, and in 2006, there were 61 problems reported in these projects. However, when other donors scaled back their commitments or failed to deliver on them altogether, the

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2 The KDP program used a highly transparent and participatory facilitated planning process that let communities identify their own priority needs in infrastructure and education or health facilities. The selected investments were then built by a village implementation team and funded through block grants transferred directly to a bank account accessed by the villages within the kecamatan. KDP-1 and KDP-2 had been active in Nias prior to the tsunami and earthquake; by 2006, with MDTFANS support, it covered the entire island.
Bank made the difficult decision to get engaged in Nias by working together with the BRR to prepare a housing reconstruction project in Nias.

Based on the joint preparation work with the Bank, BRR applied to the Multi-Donor Trust Fund for Aceh and North Sumatra (MDTFANS, or MDF) for grant fund support for an emergency reconstruction project focused solely on Nias that would be implemented with Bank supervision. Nine sub-districts in both Nias districts would be targeted based on BRR’s assessment of their unmet needs. Since using an existing project with a similar scope would allow the project to get off to a fast start it was proposed to use the platform of the MDF-funded Aceh-Nias Kecamatan Development Project (KDP) that was supervised by the Bank, acting as partner agency under the MDTFANS. The Bank has been a strong supporter of BRR’s strategy for community-based and participatory development, with several Bank projects already supporting the BRR’s programs for housing, land management, and tertiary infrastructure. The Bank also has maintained a regional office in Banda Aceh; its technical expertise to support the proposed project included specialists in financial management community development, civil engineering, and procurement.

Therefore, the Bank was well positioned to appraise, and subsequently supervise, the US$51.5 million Nias: Kecamatan-based Reconstruction and Rehabilitation Project (KRRP). In late 2006 the MDTFANS agreed to provide US$25.75 million in grant funding of 50 percent, with the other 50 percent to come through BRR, using GOI funds from the national budget.

1.2 Original Project Development Objectives (PDO) and Key Indicators
The Project Development Objective was to support BRR's strategy for district and provincial reconstruction and rehabilitation by providing housing, schools, local government offices and infrastructure for resettlement in Nias Island. Related to the output-oriented PDO, the Grant Agreement listed the following performance indicators:

<table>
<thead>
<tr>
<th></th>
<th>Original</th>
<th>Actual</th>
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</thead>
<tbody>
<tr>
<td>Participating districts</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Participating sub-districts</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Villages receiving grants</td>
<td>66</td>
<td>232</td>
</tr>
<tr>
<td>Facilitators deployed</td>
<td>25</td>
<td>63</td>
</tr>
<tr>
<td>Houses completed</td>
<td>5,000</td>
<td>4,491</td>
</tr>
<tr>
<td>Schools rebuilt or repaired</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Government offices completed</td>
<td>100</td>
<td>110</td>
</tr>
<tr>
<td>Public infrastructure completed</td>
<td>100</td>
<td>149</td>
</tr>
<tr>
<td>Cultural heritage program completed</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Studies completed</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

1.3 Revised PDO (as approved by original approving authority) and Key Indicators, and reasons/justification
The PDO were not revised but due to (i) difficulties and delays with beneficiary identification, and (ii) the long process of the physical implementation, only 4,491 houses
could be built. Also, due to the failure to agree with one of the district heads on project locations for village halls, the project shifted part of this allocation to Kabupaten Nias Selatan with a total of 110 village halls, i.e. 10 units more than the original target.

1.4 Main Beneficiaries
The primary target groups of the Project were: (i) the families that received new houses, (ii) the students and teachers that were provided with new and repaired schools, (iii) the communities that received funding and built (a) new village halls with small offices, and (b) priority infrastructure in their villages. It was expected that individuals participating in the project implementation would also acquire valuable experience in management, finance and construction. In addition to these main beneficiaries, Kabupaten and Kecamatan staff were also expected to benefit from the capacity-building and training provided by the Project. There was no revision of the primary target groups.

1.5 Original Components
The total proposed project costs were US$51.5 million. Fifty percent of the funding came from an MDTFANS (MDF) grant, and the other 50% were provided through the Reconstruction and Rehabilitation Agency (BRR) by GOI from the national budget. The Project consisted of the following components and activities:

A. Kecamatan Grants (US$46.0 million)
   1. Housing grants (US$30.0 million)
      These grants were for housing reconstruction, providing a standard model of about 36 square meters size. Based on an estimated cost of US$6,000 per house, the funding under this sub-component was expected to finance about 5,000 single-family housing units. However, it was expected that the unit costs would fluctuate in the post-disaster situation, and that they would be subject to review and adjustment.

   2. School grants (US$7.0 million)
      These grants covered school reconstruction, or repairs and other school improvements. Implementation was closely coordinated with the Ministry of education and its local branches. The cost per school was originally estimated at about US$50,000. The grant was also used to equip schools, provide training, and finance other school-based activities to improve the quality of local education, such as a cultural heritage awareness program that was carried out in close cooperation with the Nias Museum.

   3. Local Government Office grants (US$5.0 million)
      These grants were used for rebuilding and equipping Local Government offices. Both sub-district and village offices were eligible.

   4. Public infrastructure grants (US$4.0 million)
      These consisted of un-earmarked block grants that were transferred directly to communities for investing in village infrastructure linked to reconstruction activities. Project menus were open, with the exception of a short negative list
that banned civil servant salaries, weapons, and environmentally destructive activities. Villagers could decide to invest in a wide range of local priorities, but it was expected that most of the funds would be used to build drainage and access infrastructure.

B. **Kecamatan Planning Grants (US$2.0 million)**
1. Operational grants (called DOK in Indonesia) for participatory planning at the Kecamatan and village (desa) levels
2. Training of consultants (facilitators) and village communities
3. Socialization of the project at the Kabupaten level

These block grants supported a participatory planning process that included special measures to involve women and the poor. They funded village-level training, facilitation, and capacity development to carry out inclusive planning. They also funded village-based oversight through cross-audits, complaints handling, and quality control.

C. **Consultant Services (US$3.1 million)**
1. Project Implementation Support.
   To expedite the settlement reconstruction and rehabilitation program, implementation support was seen as critical for mobilizing teams, preparing training programs, and hiring consultants. This component financed immediate and medium-term technical assistance activities for: (i) establishment and implementation of the housing, school, and local government office grants, and for priority infrastructure block grants, as well as financial management systems acceptable to the Bank; (ii) overall project implementation, including the hiring of about 100 field facilitators (consultants) and safeguards specialists; and, (iii) strengthening the capacity of PMU and PIUs, including additional operational costs to purchase office equipment.

2. Monitoring and Evaluation (M&E)
   M&E included quantitative and qualitative impact evaluations, participatory monitoring methods, corruption assessments, and independent monitoring by NGOs. The project’s M&E framework was built on the overall M&E system for the Aceh-Nias KDP that was being implemented in parallel. Additional evaluations were to deal with the quality of housing, social conflict, and cultural sensitivities.

D. **Incremental Operating Costs (US$0.4 million)**
Incremental costs were intended for costs required under the Project for local contractual support and their salaries, travel and other travel-related expenses, equipment rental and maintenance, vehicle operation, maintenance and repair, office rental and maintenance, material and supplies, and utilities and communications expenses. It does not cover government salaries.

1.6 Revised Components
There were no formal revisions of the project components.
1.7 Other significant changes
As referred to under section 1.3, the number of houses to be constructed was reduced by about 10 percent to 4,491 because of (i) the difficulty on beneficiary identification, and (ii) the slow progress of implementation. However, there was no formal revision of this target.

The original plan was to build “kecamatan/local government offices”. However, once implementation had started, PMD made a ruling that only village head offices with community halls (called village hall) could be financed and built, because kecamatan offices are financed by local government budget whereas there is no budget for village head offices.

BRR had been established by GOI as a temporary organization and when their mandate expired they ceased operations in April 2009. The GOI counterpart funding that had been channeled though BRR was subsequently channeled through the Ministry of Home Affairs’ (MOHA) Community Development Agency (PMD); this transition went smoothly and did not cause any problems or delays.

In view of the difficulties to implement the project within the original timeframe, and further to an application by GOI, the Bank, in December 2009, agreed to a 18-month extension of the closing date of the grant. June 30, 2011 was established as the new closing date.

The closing date amendment letter from the Bank also agreed to a reallocation of the grant proceeds that increased the funds allocated to housing (by 15 percent) and to schools (by 41 percent)\(^3\), and reduced the funds for village offices and public infrastructure by an equal amount. The other allocations remained unchanged.

Due to the time constraints, the project did not disburse the full grant amount, and US$5.5 million was returned to MDTFANS after the closing date. GOI’s contribution was US$0.7 million more than the agreed counterpart funds.

2. Key Factors Affecting Implementation and Outcomes

2.1 Project Preparation, Design and Quality at Entry

*General.* Despite some flaws in the Bank appraisal, the quality of the project at entry was high; this factor contributed significantly to its successful outcome.

*Preparation.* Initial discussions with local governments on the project design were conducted by BRR and the Bank during several visits to Nias in 2005 and early 2006. District heads from both Nias kabupaten, several sub-district and village heads, and a large number of local stakeholders participated in these discussions. The project design

\(^3\) The increased allocation for the construction of schools was due to the substantial cost increases of building materials and their scarcity because of high demand.
was further discussed during a January 2006 “Nias consultation” organized by BRR. More detailed meetings with project stakeholders were held after the project was approved.

The project was prepared by the Bank in close consultation and cooperation with BRR and several international donors that were involved in reconstruction activities in Nias. Coordination was initiated with the Ministry of Education and Culture to ensure that teachers and materials would be assigned in a timely manner to the new schools. And there was close coordination with UNICEF for the school construction component; this included support by UNICEF and NGOs for the training of additional teachers.

**Lessons and Risks.** As described briefly in Section 1.1, the Bank’s preparation team was able to use lessons and experience from the two ongoing KDP projects in Nias, i.e. KDP-2 and the MDF-funded Aceh-Nias KDP. Nias was one of the most challenging environments for the post-tsunami reconstruction program in Indonesia. Many communities were remote and distances were large; communications, and especially transport logistics, were poor; the availability of relevant skills was very limited; and management capacities were very low. A large-scale reconstruction program that must reach isolated, traditional communities faced additional challenges, both social and technical. The suddenly increased demand for materials and the influx of significant amounts of money was expected to place an unprecedented demand on overall project management skills. General inflation was likely to rise as the project picked up pace, and localized shortages of materials were likely to happen.

The project design (see below) included a number of measures to mitigate these risks, such as periodic reviews where all stakeholders, including the MDTFANS, re-assessed progress and agreed on any necessary adjustments and corrective actions. There was also an enhanced supervision framework by the Bank (and MDTFANS), and a heightened support role for the BRR office in Nias. To mitigate the financial management (FM) risks, additional financial management specialists (FMS) were proposed to be employed, and extra training in FM was programmed.

Experience with implementing an emergency housing reconstruction project was gained from the MDF-funded REKOMPAK Bank project that had started implementation in Aceh. Different standard house designs, community preferences, unit costs, earthquake-resistant structural features, approaches to address scarcity of building materials and the resulting cost increases, and other lessons relevant to community housing development were learned from REKOMPAK, and applied as needed, for KRRP.

**Project Design and Implementation Arrangements.** Project objectives and design were simple and straightforward, appropriate for an emergency reconstruction project. PMD of MOHA was designated as the executing agency, responsible for overall project management and monitoring, whereas BRR was the coordinating agency for the reconstruction activities in Nias. The funds for reconstruction in Nias were channeled through BRR’s budget, and after BRR’s mandate had expired, this role moved to PMD.
The project targeted nine sub-districts in the two districts in Nias, namely Nias and South Nias; the selection of sub-districts was based on the earlier needs assessment by BRR.

The budget for project implementation support was managed by PMD as it was part of the overall central budget for the KDP program. The two participating districts were responsible for supervision and assistance to the community infrastructure investments, while sub-districts established will be a project manager (PJOK) for the sub-grant implementation. PMD was responsible for the project accounts at the central level, the PJOK was responsible for accounts at the sub-district level, and the sub-district financial management unit (UPK) for the accounts at the community level.

The participatory community planning process was used as the most efficient way to work at the village level. Other MDTFANS-supported Bank projects active in Nias, such as the Support for Poor and Disadvantage Areas Project (SPADA), and the KDP projects, also worked with, and built on, the platform of community facilitators and project implementation teams. Field facilitators assisted the community to set up the community groups and implementation teams to manage and implement the individual construction projects. The facilitators also assisted the community groups to keep good records and prepare the financial reports for the project implementation.

Each type of facility had its own project cycle: for infrastructure, the project cycle was the same as for the regular KDP which already included provisions for engineering assistance and oversight. An adjustment to the standard KDP project cycle was made for housing, schools, and local government offices, and these changes were included in the operational manual. Since the main components of the project involved additional construction, KRRP facilitators helped to reinforce KDP’s technical oversight and support teams. In fact, at the field level, the KRRP was often regarded as a special KDP (later PNPM) program, and facilities, such as for the financial management unit (UPK), were usually shared at the sub-district level.

Two small but important sub-components were included in the project design: (i) associated with the school construction component, there was a cultural heritage program to promote Nias' unique cultural heritage; it focused on the Nias Museum and some selected schools and included the enrichment of the local curriculum; and (ii) under the kecamatan planning grant component, a timber management plan was implemented to deal with the potential safeguard issue of the use of illegal timber.

Despite their experience in Nias, the Government and the Bank had failed to fully anticipate a major problem, namely that – due to the tough conditions in Nias – the Government would have great difficulties to attract and retain sufficient and competent consultant staff to work as facilitators, coordinators, and Consultants/Specialists in Nias.

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4 In 2009 Nias district was subdivided into three new districts: Nias North, Nias West and Nias East but the new administrative boundaries did not affect project design and implementation arrangements because sub-district boundaries had remained the same.
The number of facilitators needed had also been underestimated at Appraisal. There was high staff turnover, some field positions remained vacant, especially in the early years of implementation, and the lack of sufficient staff contributed in a major way to the initial delays and problems.

The implementation schedule was too ambitious – understandably because it was an emergency reconstruction project – although transport logistics, and scarcity and price inflation of construction materials had been identified as potential risks. There was no adequate mitigation for these problems because they were beyond the control of GOI and the Bank but they caused serious delays and cost increases, requiring a closing date extension and the latter causing a reduction of the housing targets.

2.2 Implementation
Mainly due to very effective supervision by the Bank the quality of implementation was very and was an important factor for achieving the successful outcomes of the project.

Following the grant approval in December 2006, implementation got off to a slow start. Although some consultants (facilitators) were mobilized by February 2007, by the time of the first full Bank supervision in December 2007, there were still many vacancies, and facilitators had yet to be trained. Serious implementation delays had resulted from the inadequate staff complement, high staff turnover, and the unsatisfactory performance of some field staff. Logistics, especially difficulty with communications and lack of equipment added to the early problems. The scarcity of construction materials and their rising costs caused more difficulties. The process of identifying, verifying and agreeing on the beneficiaries using a community-based consensus approach also was much longer than anticipated. On top of these problems, the central government budget releases in 2007 and 2008 were seriously delayed for procedural reasons. In consequence, the first tranche of about 600 houses started construction in early 2008 only.

Due to the slow mobilization of sufficient facilitators and the late release of the central government budgets in 2007 and 2008 (caused by procedural issues) the interim targets for 2007 and 2008 were not met. The Bank did not perform a formal mid-term review (MTR), but the MDTFANS carried out an MTR in November / December 2008 with some Bank staff participation. They found poor quality control of house construction due to the remote locations and many still vacant facilitator and FMS positions. The MDF recommended that the still vacant consultant and facilitator positions should be filled.

The head of Nias district was unwilling to accept PMD’s ruling on village halls, and PMD decided that, using the funds allocated for local government offices, 56 additional village halls would be constructed in South Nias district. Also, since the construction of houses progressed very slowly and the BRR had funds still available as it approached the expiry of its mandate in April 2009, it was agreed that about 500 houses would be built by BRR. Eventually, BRR built 458 houses (approximately 10 percent of the total number of houses) between October 2008 and April 2009; they were dispersed over 16 other sub-districts selected by BRR in Nias district. Housing costs were the same although BRR achieved some additional economies by using bulk purchases of building
materials; project sites were along main the main roads and there were no additional transport costs. Beneficiary selection and implementation procedures were also community-based. Even though these houses were built outside the original project sub-districts, they were based on identified needs, and BRR’s initiative helped to achieve the total housing target of the KRRP.

By early 2009 the project was rated “moderately unsatisfactory”, and it became clear that the original targets could not be achieved by the impending December 31, 2009 closing date. Between December 2008 and March 2009, the Bank had provided special support to the implementing agencies by mounting a series of six small, intensive supervision missions staffed by different specialists, in particular FM and technical disciplines; they identified problems and made recommendations for remedial actions. Then, in June 2009 a Bank mission discussed and agreed with GOI on a set of conditions for the extension of the closing date: (i) fill all vacancies, in particular facilitator positions, (ii) PMD to reclassify Nias as a “very difficult” location so that travel allowances (and incentives) for facilitators would be increased, and (iii) fully disburse the community planning/training funds for 2009. These actions were deemed as essential to get the project back on track and move it out of the problem project status. The government (and the Bank) faced a serious reputational risk of not delivering on their commitments to rebuild houses and community facility.

Spurred on by the threat of closure, at the end of 2009, project performance had improved on all fronts, and the 18-month closing date extension was approved. The necessary complement of facilitators was fully deployed, supervision activity had increased, and the number of completed houses, schools, village halls, and infrastructure had grown significantly. The Bank continued its small, intensive supervision efforts between December 2009 and July 2010 to assist the implementing agencies to meet the agreed targets; special attention was being paid to technical issues, the timber management plan and the cultural heritage program. Implementation during 2010 and right until grant closing proceeded well and without major problems.

There were no significant changes to the project, other than the minor changes described above, and there was no restructuring.

2.3 Monitoring and Evaluation (M&E) Design, Implementation and Utilization

Design. The M&E framework for this project was built on the overall M&E system for the MDTFANS-supported Aceh-Nias KDP that had started implementation in Nias a year earlier. Both qualitative and quantitative evaluations were to be done, including monitoring of the complaints handling process, and the quality of housing.

For example, cement became very scarce and increased in price significantly when, following the October 2008 earthquake in the Padang area, reconstruction activities commenced there.

Four different Bank specialists made some 20 separate trips to Nias during this period.

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Implementation of the M&E suffered right from the start due to the lack of qualified staff for entering data into the Management Information System (MIS); the MIS and also the M&E position(s) were frequently vacant because suitable candidates could not be found for Nias. There were also many problems with gathering data from the field because of communications problems (no phone coverage) and lack or breakdown of computer equipment; staff attempted to overcome these problems with regular meetings at the district level.

Utilization. Despite its flaws the M&E system provided reasonably adequate data on the progress of implementation, and allowed PMD as well as the Bank to take action as needed to deal with problems and delays. The M&E system also monitored the performance and resolution rate of the complaints handling system.

2.4 Safeguard and Fiduciary Compliance

Environment. The project was Environmental Assessment Category B, and an environmental and social safeguards framework had been prepared. It proposed to mitigate against environmental impacts by using the standard KDP approach and manuals, and also provide extra training to the facilitators. Generally, the small investments of CDD projects in building and infrastructure have minor impacts, if any, but there was no specific environmental monitoring or reporting during implementation. In addition to OP 4.01 on Environmental Assessment, OP 4.11 on Indigenous People and OP 4.36 on Forests were triggered. No significant environmental problems arose but there concerns with the availability of an adequate supply of legal timber. The project’s response to this issue was a timber management plan; it was prepared in close cooperation with the Bank’s environmental specialist, and it prescribed and achieved the following actions: (i) minimize timber use in construction, (ii) training of village heads in certification of legal local timber, (iii) implement a large program of tree replanting, and (iv) train village people in community forest management. The tree planting in particular was very popular, in and around schools village halls and many people planted the seedlings on their own land; there were requests for a second phase. However, as local tree seedling was not easily available, mostly non-native mahogany tree seedlings were planted; they are popular as construction timber. A minor environmental issue during operation is the lack of maintenance of the community facilities, especially schools; it affects cleanliness and health, in particular since solid waste collection is not always conducted properly. This deficiency may reduce the usefulness and lifetime of these buildings.

Social Issues and Land Acquisition. The social framework was mainly concerned with potential land acquisition problems and how to resolve them. Although there was no specific monitoring and reporting framework for land issues – most buildings were built on the owners’ land or on community land – supervision reports indicate that there was a number of cases of voluntary land donations (that were fully documented). There were also cases where landowners successfully refused to donate their land and other

7 The popularity of the tree planting program may be due to the Nias traditional custom of the father providing for his sons future by planting seedling.
arrangements had to be made, such as for locating new schools; this caused delays in the implementation. Although an indigenous peoples framework was also prepared due to concerns of elite capture and the use of customary land, no unresolved land issues were reported.

**Fiduciary.** The project’s financial management performance was affected a number of factors: (a) the individual consultants’ poor performance resulting in weaknesses in bookkeeping and financial reporting by the community groups, (b) delays in submission of the project financial reports; and (c) slow response in resolving issues noted during supervision missions. One of the major contributors of these problems was lack of an adequate evaluation system to monitor the consultants’ performance and provide proper feedbacks. Similar to other projects, the project also experienced budget delays. This was resolved from 2009 onwards when the budget documents were issued on time. The submission of financial reports improved during the last year, and they were submitted with only slight delays. The project audit reports were always submitted to the Bank on time. The external audits – by GOI’s audit agency – for 2008 and 2009 had clean, unqualified opinions but the findings pointed to weak internal control systems, bookkeeping not being up-to-date, slow construction progress and funds accumulating in the UPK bank accounts.

**Procurement.** A detailed procurement plan had been prepared and procurement in this project presented minor problems only initially when the new facilitators were not sufficiently competent to assist the communities with using the procedures outlined in “Community Participation in Procurement”. Once the appropriate training had been delivered, the facilitators were enabled to guide the participating communities in following the right procedures: most works were done by the communities, and for larger supply or contracts, the community invited three price quotations and publicized the results of this process. Consultant selection procedures were mostly single-source to use the national management consultants (NMC) that had been selected earlier for the ongoing KDP projects; this approach allowed the quick deployment of facilitators to the field. For other small consultants contracts the selections were made based on the consultants’ qualifications (CQS).

**Anti-Corruption Measures.** The project used a KDP-type complaints handling system that also dealt with instances of corruption; the main problem was misuse of funds. In June 2011, a total of 205 complaints had been received of which 191 (93 percent) had been resolved. The number of cases of misuse of funds was 40 (about 20 percent of the total) of which 27, i.e. 62% had been resolved; about US$80,000 of misused funds had been recovered.

Some of the anti-corruption action plan (ACAP) measures, such as community empowerment and participation and disclosure of information, were inherently embedded in the project and helped to reduce fraud and corruption. The role of facilitators in supporting community groups was critical, thus recruiting and retaining good facilitators was important but not always possible. At the completion of the project, some issues documented in the project’s complaints handling database remain unresolved, and there
should have been a final recalculation of numbers, categories, and status of issues, and key lessons learned from the major cases.

2.5 Post-completion Operation/Next Phase
On July 20, 2011 there was a handover of assets documentation to the local governments (North Sumatra Province and both districts in Nias); it was witnessed by representatives of MDTFANS. The challenge will be the allocation of an adequate maintenance budget for the completed assets. Representatives from the sub-districts requested support from the central and provincial governments for operation and management of the new infrastructure. In general, beneficiary families and communities have taken ownership of completed buildings and are using them well, especially the houses and schools. Not surprisingly, the families who were assigned new houses had often individualized the finish, added extra décor and features, and they maintain the houses well. As there was close coordination with the local education department, the completed schools are in full use by students and staffed by teachers; the maintenance of school buildings usually is taken on by Dana BOS (Government Project) and the parents. Village halls will be used for public meetings and functions, and village heads will likely take on responsibility for organizing their maintenance by the community. Under the public infrastructure component mostly roads were built, and the experience from KDP suggests that continued maintenance could be a problem, although the project had provided community training in the maintenance of public facilities. Lastly, the tree seedlings planted under the timber management plan are showing survival rates of 60 to 70 percent because beneficiaries have received training in community forest management, and within their culture, they understand the importance of providing resources for the future.

Most importantly, as evidenced by the feedback from the stakeholder workshop participants, the institutional capacity and the confidence of local government leaders and staff has been increased substantially. They will be better able to mobilize and empower their communities to manage and maintain the completed investments and to help them to undertake new ones.

3. Assessment of Outcomes

3.1 Relevance of Objectives, Design and Implementation
The project’s objectives were highly relevant to Indonesia’ priorities which – at the time of approval – were reconstruction and rehabilitation of housing and infrastructure in post-disaster areas. By using a community-based and participatory approach modeled on the KDP programs, the project’s design and implementation has remained highly relevant to the Bank’s Country Partnership Strategy (CPS) for Indonesia for FY 2009 – 2012. In the section on Core Engagement 3 – Community Development and Protection, the CPS states that it is built around the PNPM-Mandiri program in which the Bank has had a long-standing engagement. The CPS further says that the KDP/PNPM programs have

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8 The local governments feel that the central government is not sufficiently responsive to local needs, especially for large infrastructure items, such as roads and schools
developed many features to enhance institutional effectiveness through accountability mechanisms and capacity-enhancing strategies that are now being adopted by other projects, not only across Indonesia, but also abroad. The Bank’s PNPM-3 project is now being implemented in support of the GOI’s national rural community empowerment program.

3.2 Achievement of Project Development Objectives
The simple and straightforward project development objectives for reconstruction support were almost fully achieved. Some 4,491 families whose homes were lost or damaged have benefited but there was a 10 percent shortfall in the number of houses that were built; but more than the targeted number of village halls were built. More importantly in terms of outcomes, the completed houses are being occupied (and often improved and expanded), and the public facilities, in particular the schools, are in full use, the latter by some 20,000 students and teachers. By improving access of about 150 poor communities with high priority needs to housing and essential infrastructure through a participatory community planning process, the project has contributed an in important way to improving the social and economic welfare of people living in Nias.

3.3 Efficiency
The approach used in this project to achieve cost effectiveness for the community-based implementation was to set unit costs for each type of building. The data for the unit costs were derived from the extensive experience in Nias (by BRR) and Aceh (by the Bank and BRR); house designs and costing had been refined in the Aceh REKOMPAK Housing project, and sufficient price information was available. These costs were real and competitive and based on the closely monitored costs of large numbers of houses that had been built during 2006. Once implementation started in Nias though, the unit cost was adjusted because of local price increases due to inflation (because of scarcity of building materials) and the remote locations with very difficult access. In any case, the fixed unit costs were treated like budget ceilings although in some cases, especially for schools, the designs had to be adjusted due to varying site conditions or needs. But the total costs per unit always remained within the fixed unit costs for the respective type of building.

3.4 Justification of Overall Outcome Rating
Rating: Satisfactory
Although it was conceived as an emergency reconstruction project, due its community-based and participatory approach, the project has remained highly relevant to the Bank’s current CPS. The PDO have been achieved with only minor shortcomings in terms of reaching the full target in housing. The implied objectives of institutional capacity building at the community and local government level have also been achieved through the project’s use of the KDP model that employs community-based participatory approaches. Local government officials highlighted the benefits to local institutions during the stakeholders’ workshops in Nias in February 2011. And lastly, efficiency was achieved through standardized buildings designs that drew from the extensive reconstruction experience in the region to minimize construction costs. For the public infrastructure investments, competitive procurement in line with “Community Participation in Procurement” guidelines was used to ensure efficiency.
3.5 Overarching Themes, Other Outcomes and Impacts

(a) Poverty Impacts, Gender Aspects, and Social Development

Poverty impacts are impossible to quantify because there was no baseline study, and statistical data are not useful since the project interventions were widely dispersed. The project clearly had a major impact on 4,500 families whose homes had been damaged or completely destroyed, and they would have been living in temporary structures or with other family members.

Women’s involvement in development activities in Nias is generally low because of traditional social constraints. The project attempted to address this by giving women the control in the village women’s meetings that decided the housing beneficiaries. 112,965 women played active roles on implementation teams, and the overall participation rate of women was good at 34%. During the stakeholders’ workshop, project actors suggested that there should have been more empowerment programs focused specifically on women.

The impacts on social development were not quantified but are thought to have been considerable: the project was implemented in conflict-prone communities without any major problems. Especially the identification and final selection of beneficiaries in a post-disaster situation could have been a major source for conflicts, but the transparent, participatory and consensus-building approach had introduced a better way to deal with potential conflicts; this may have lasting positive impacts on social development in the project local governments.

(b) Institutional Change/Strengthening

The impacts on local government institutions, especially at the sub-district and village level, were significant. This was clearly demonstrated by the high level of support and the very active involvement of local government officials and staff during project implementation. They fully embraced the transparent, participatory and consensus-building approach of the project (although they did complain about lengthy and cumbersome procedures). And at the stakeholders’ workshop before grant closing local government staff affirmed that they could use the experience and skills, such as consensus-building, problem-solving, accounting, record-keeping, procurement, acquired through this project in other projects and situations.

(c) Other Unintended Outcomes and Impacts (positive or negative)

The success of the small cultural heritage program was unintended. It was a minor technical assistance package, included as part of the school construction component, but highly qualified and motivated consultants and continued expert guidance from the Bank turned it into a model program to promote Nias history, tradition and culture. The involvement of the privately funded Nias Museum was another success factor, and the museum staff themselves benefited from advice and assistance. Students and teachers were enthusiastic about the visits to the museum and to a traditional village, and booklets were developed using the students’ own contributions. The program has a good chance of being sustained since relevant curriculum modules were developed, and their use is supported by the local education department.
The great success of tree replanting program was another unintended outcome. It had started out with the need for preparing and adopting a timber management plan to address the safeguard issue of potential use of illegal timber. Seedlings of common local trees, and also of mahogany trees, were distributed for planting in compensation for trees cut for timber used for the project. Over 100,000 seedlings have been planted with a survival rate between 60 and 70 percent. Planting was to be done near the new houses and schools but many people planted the seedling on their bare or deforested land. There was great demand for still more seedlings, and long-term sustainability is likely. The tree-planting program may have tapped successfully into a Nias tradition of the father having to provide for the future of his sons.

The construction of 110 village halls was also unintended because the original plan in the project design was to build “kecamatan/village offices”. However, PMD policy did not allow project funds, channeled through the central government, to be used for Kecamatan offices because local governments have their own budget for this purpose. The compromise solution was to build village office with halls to be used for community meetings and other events; they were called village halls. These halls were built at near the village center; they are very attractive with open sides and a roof reminiscent of traditional Nias roofs. Although it is still too early to tell, the village halls may become important facilities for building community spirit and cohesion.

3.6 Summary of Findings of Beneficiary Survey and/or Stakeholder Workshops
Towards the end of the project implementation period, in February 2011, the Bank organized two stakeholder workshops, one in each participating district, to obtain feedback from the project actors on their experience with the project. These events were well attended, and there were more than 30 participants at each workshop. A wide cross-section of project actors was represented, such as sub-district heads, sub-district project managers, district staff (community empowerment section), and staff from the National Management Consultant (NMC), the Nias Island coordinator, sub-district facilitators, technical facilitators, and leaders and treasurers of community implementation teams. The discussions were lively and generated many valuable insights and contributions. Most observations were positive and praised the transparent and participatory approach taken by the project; communities were indeed empowered and given opportunities to improve their conditions and their cohesion. A particular focus of the discussion were the many indirect benefits of the project, such as the experience and skills that project actors had acquired through their involvement in the project. However, there were also more critical comments, especially regarding the high workload and low pay of the facilitators. Insufficient consideration of increasing prices and high cost remote locations were cited as problems too.

The workshop participants also made a number of useful suggestions on how to improve a project like KRRP, especially with regard to the quality and performance of the facilitators and the local government staff: facilitators must be assigned more manageable workloads. More attention to women’s empowerment, and more and better training of the various project actors were strongly recommended. Culturally appropriate design of
buildings and more flexibility for high-cost remote locations were also suggested. Giving full attention to proper certification of the new (public) buildings and their maintenance was another useful recommendation.

Interestingly, none of the observations and suggestions dealt with the roles of the MDF and the Bank in the project. More details of the workshop findings and recommendations are in Annex 6.

4. Assessment of Risk to Development Outcome

Rating: Moderate

The threats to the continued use and maintenance of the individual houses are moderate because families in Indonesia have a tradition of maintaining and often improving/expanding their residences. Early evidence from Nias shows that the benefitting families have assumed full ownership by often individualizing their houses in a variety of ways; extensions were already being added shortly after the completion of construction. The only aspect with a higher sustainability risk is proper sanitation because many village people have not had much, if any, experience with water toilets and septic tank disposal systems. Moreover, the project did not conduct a sanitation awareness and education program, and many people may continue with traditional defecation practices.

The project schools all already fully in use and definitely will continue to be used. However, public buildings and infrastructure are at some sustainability risk because, based on experience with the KDP programs, the levels of post-project maintenance of public facilities is tend to be modest. Training in O&M is routinely provided before handover but communities sometimes fail to organize, assign and assume responsibilities; there is also a lack of resources to do good maintenance, especially for road and drainage investments. Early evidence from some completed projects shows, for example, that waste management at schools is lacking, toilets are already without water, and defects are not being fixed.

In summary, there is strong ownership of the houses and the institutional support for the schools also seems to be strong. In view of some concerns over proper sanitation, and more generally, the sustained maintenance of public facilities, the risk to development outcome has been rated as moderate.

5. Assessment of Bank and Borrower Performance

5.1 Bank Performance
(a) Bank Performance in Ensuring Quality at Entry
Rating: Satisfactory

The Bank’s performance in ensuring quality at entry is rated as Satisfactory because most performance criteria were met, and there were only some minor shortcomings in identification, preparation and appraisal as listed further below:

- The project was a highly relevant response to the post-disaster situation in Nias, especially after donors and NGOs failed to deliver on their initial reconstruction
commitments. Moreover, the project’s community-based approach has remained fully relevant to GOI’s priorities and to the Indonesia CPS.

- There was a definite focus on the poor, women and vulnerable groups, and an indigenous peoples framework had been prepared.
- Environmental issues, in particular the potential use of illegal timber, were identified.
- Institutional aspects and implementation arrangements were fully appropriate, i.e. the proven KDP platform and system was used; this also allowed employing existing structure and facilitators.
- Financial management provisions did not fully allow for the low capacities in Nias; subsequently, some FM problems arose during implementation. Similarly, the M&E design was lacking since considerable problems with the MIS arose later.
- Although the Bank’s risk assessment had identified the serious risks of this operation (based on KDP experience in Nias), the implementation schedule was too ambitious and risk mitigation actions were inadequate.

(b) Quality of Supervision

Rating: Satisfactory

The quality of the supervision by the Bank is rated as Satisfactory because throughout project implementation, the Bank was proactive in identifying opportunities and resolving threats with only minor shortcomings:

- The focus throughout project supervision was on the full achievement of the PDO by ensuring that the reconstruction targets for buildings and infrastructure would be met while at the same time using the implementation activities to build capacity at the community and local government levels.
- There was close attention and support to the timber management plan, to address the important safeguard issue of illegal timber. Land issues, such as donations, were closely supervised to ensure there were no conflicts or coercion. Although there was frequent and intensive supervision of FM aspects, the quality of FM was still low.
- The Bank was able to adapt its supervision strategy to the very challenging implementation conditions and conducted regular supervision missions to Nias in 6 to 9 months intervals. These missions were supplemented by frequent small and intensive supervision visits by specialists from Jakarta. Resident Bank staff in Nias provided additional supervision support as needed throughout the regular project implementation period.
- Supervision reporting was fully adequate, the implementation shortfalls and delays were properly documented, and the problem status was flagged in time. The Bank also dealt very effectively with setting clear and realistic conditions for a closing date extension; this brought the project back on track.

(c) Justification of Rating for Overall Bank Performance

Rating: Satisfactory

Based on the ratings above the overall Bank performance is rated Satisfactory.

5.2 Grantee Performance

(a) Government Performance

Rating: Moderately Satisfactory
Government performance is rated as Moderately Satisfactory because overall, Government met most performance criteria but there some moderate shortcomings in government performance as listed further below:

- Ownership was strong, and the appointment of BRR to coordinate and implement the project was aimed at achieving the PDO.
- BRR was instrumental in holding stakeholder consultations in Nias; the results of these consultations helped to shape project scope and design.
- The relationship with the MDTFANS was very good, and the transition from BRR – whose mandate expired in 2009 – to PMD was smooth and without problems.
- The implementation arrangements were clear (based on the ongoing KDP projects), but due to serious capacity constraints, Nias was not ready for implementation. As a result, there was very little progress during the first year because facilitators were late in being appointed and their number was inadequate.
- Government was slow in resolving issues and delays during the first part of implementation, but later in 2009 took the necessary actions to earn an extension of the closing date.
- Counterpart funding from BRR was available on time, but central government budgets for technical assistance and facilitation were released very late during the first two years of implementation.

(b) Implementing Agency or Agencies Performance Rating: Satisfactory

The performance of the implementing agencies is rated as Satisfactory because there were only minor shortcomings in their performance as mentioned further below:

- BRR was fully committed to achieving the PDO, and when implementation was delayed, they built 458 houses in Nias, i.e. about 10 percent of the target number.
- The process of identification, verification and selection of beneficiaries was transparent, participatory and based on community consensus. Communities were also fully involved in the implementation through community groups and teams.
- The local governments concerned were fully and actively involved in the community meetings; they appointed project managers and assisted with the resolution of delays.
- Training in community O&M was conducted, the completed schools have been staffed by teachers, and there was a formal hand-over of assets documentation to the local governments on July 20, 2011.
- FM at the local and community level was a bit weak, but after relevant training the record-keeping improved. Complaints handling was good, and about 75 percent of all complaints have been resolved so far.

(c) Justification of Rating for Overall Grantee Performance Rating: Moderately Satisfactory

Based on the ratings above, overall Grantee performance is rated Moderately Satisfactory.
6. Lessons Learned

- An overly ambitious implementation schedule – even when dealing with an emergency reconstruction project – is not achievable. A more realistic schedule would have been advisable, especially since there were considerable, and properly identified, risks; it may have avoided the need for an 18-month closing date extension.

- An impending project closing date can bring about the necessary actions to get a problem project back on track. The clearly stated and achievable conditions set by the Bank for agreeing to an 18-month extension were effective in focusing the Government agencies on essential actions to improve the quality and pace of project implementation.

- Frequent and intensive supervision by small specialist teams can help greatly to resolve problems and bottlenecks at the field level. There also were two World Bank consultants based in Nias since the beginning of the project until June 30, 2009. When the project experienced serious problems and implementation delays during 2008, a series of six targeted supervision missions between December 2008 and March 2009 – made possible only because of the availability of grant fund sources for supervision – laid the foundation for obtaining an extension of the December 2009 closing date.

- It is important for the Bank to be supportive when a project is delayed and may be closed before its completion so that any commitments made by Government to the communities can be met, and the Government’s credibility is not affected. The Bank was cooperative and assisted the Grantee to meet the agreed conditions for the extension of the closing date, especially through the intensive supervision efforts described above.

- Attracting and retaining competent consultant staff as facilitators in a remote and difficult location (such as Nias) requires extra incentives and rewards. For example, after the Bank pushed PMD to declare Nias to be a “very difficult” location, additional travel allowances were paid and staff performance showed some improvements.

- A problem identified early at appraisal can lead to a constructive solution in the course of project implementation. The availability of legal and reasonably priced timber was identified as a major problem and a potential supply bottleneck, but Government and Bank staff cooperated to produce a sensible “timber management plan” which helped to minimize timber use, trained local officials in certification of local timber, ensured a supply of legal local timber, and included a tree replanting program, all with associated training programs.

- A small sub-component can be used as leverage for developing a valuable program with potentially large impacts. The school reconstruction component included a small
sub-component for cultural awareness and education. The successful implementation of this program has contributed in an important way to increase awareness of, and education in, Nias’ unique cultural heritage. Teachers and students alike have benefited from the program.

7. Comments on Issues Raised by Grantee/Implementing Agencies/Donors

(a) Grantee/Implementing agencies
No comments were received MOHA nor from any other GOI agencies, and on November 28, 2011, the MOHA project manager and a representatives from the NMC confirmed to Bank staff in person that MOHA had no comments on the Bank’s draft ICR.

(b) Cofinanciers/Donors N/A

(c) Other partners and stakeholders
N/A
Annex 1. Project Costs and Financing

(a) Project Cost by Component (in USD Million equivalent)

<table>
<thead>
<tr>
<th>Components</th>
<th>Appraisal Estimate (US$ millions)</th>
<th>Actual/Latest Estimate (US$ millions)</th>
<th>Percentage of Appraisal</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Component A</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kecamatan Grant</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) Housing</td>
<td>30.00</td>
<td>29.36</td>
<td>97%</td>
</tr>
<tr>
<td>(ii) Schools</td>
<td>7.00</td>
<td>7.67</td>
<td>109%</td>
</tr>
<tr>
<td>(iii) Village Government Offices</td>
<td>5.00</td>
<td>2.67</td>
<td>53%</td>
</tr>
<tr>
<td>(iv) Public Infrastructure</td>
<td>4.00</td>
<td>3.26</td>
<td>81%</td>
</tr>
<tr>
<td><strong>Component B</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kecamatan Planning Grant</td>
<td>2.00</td>
<td>0.50</td>
<td>25%</td>
</tr>
<tr>
<td><strong>Component C</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consultant Services</td>
<td>3.10</td>
<td>3.11</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Component D</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Incremental Operating Costs</td>
<td>0.40</td>
<td>0.11</td>
<td>27%</td>
</tr>
<tr>
<td><strong>Total Baseline Cost</strong></td>
<td><strong>51.50</strong></td>
<td><strong>46.67</strong></td>
<td><strong>90%</strong></td>
</tr>
<tr>
<td>Physical Contingencies</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00%</td>
</tr>
<tr>
<td>Price Contingencies</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total Project Costs</strong></td>
<td><strong>51.50</strong></td>
<td><strong>46.67</strong></td>
<td><strong>90%</strong></td>
</tr>
<tr>
<td>Project Preparation Costs</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total Financing Required</strong></td>
<td><strong>51.50</strong></td>
<td><strong>46.67</strong></td>
<td><strong>90%</strong></td>
</tr>
</tbody>
</table>

(b) Financing

<table>
<thead>
<tr>
<th>Source of Funds</th>
<th>Type of Cofinancing</th>
<th>Appraisal Estimate (US$ millions)</th>
<th>Actual/Latest Estimate (US$ millions)</th>
<th>Percentage of Appraisal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government (through BRR)</td>
<td></td>
<td>25.75</td>
<td>26.47</td>
<td>102%</td>
</tr>
<tr>
<td>Special Financing by MDTFANS</td>
<td>Grant</td>
<td>25.75</td>
<td>20.20</td>
<td>78%</td>
</tr>
<tr>
<td><strong>Total Funds</strong></td>
<td></td>
<td><strong>51.50</strong></td>
<td><strong>46.67</strong></td>
<td><strong>90%</strong></td>
</tr>
</tbody>
</table>

Note: US$20.17 million is the actually disbursed grant but the Data Sheet incorrectly shows US$25.8 million as the disbursed amount because GOI has not yet returned the unused amount of US$5.6 million.
Annex 2. Outputs by Component

Implementation started in all nine project sub-districts with a transparent and participatory process of needs identification and verification at the village level guided by the kecamatan facilitators. Village proposals were discussed at inter-village consensus meetings where the most deserving proposals, based on priority needs, were selected. Similar processes were used for housing and for the public facilities.

All houses were built by community groups who took on the construction of an average of 10 houses as one project. Schools, village halls and infrastructure projects were constructed by community-based implementation teams that used the standard KDP procedures. Below is a summary for the component A for Houses, Schools and Village Halls.

<table>
<thead>
<tr>
<th>District Sub-district</th>
<th>Number of Houses</th>
<th>Number of Schools</th>
<th>Number of Village Halls</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Target Built/ Occupied</td>
<td>Target Built/ Used</td>
<td>Target Built/ Used</td>
</tr>
<tr>
<td>NIAS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuhemberua</td>
<td>560</td>
<td>361</td>
<td>16</td>
</tr>
<tr>
<td>Namohalu Esiwa</td>
<td>560</td>
<td>297</td>
<td>10</td>
</tr>
<tr>
<td>Lolofitu Moi</td>
<td>560</td>
<td>479</td>
<td>9</td>
</tr>
<tr>
<td>Idanogawo</td>
<td>560</td>
<td>485</td>
<td>9</td>
</tr>
<tr>
<td>Giulo</td>
<td>560</td>
<td>404</td>
<td>12</td>
</tr>
<tr>
<td>BRR houses in 16 other sub-districts in Nias</td>
<td>0</td>
<td>548</td>
<td>0</td>
</tr>
<tr>
<td>SUB-TOTAL NIAS</td>
<td>2,800</td>
<td>2,484</td>
<td>56</td>
</tr>
<tr>
<td>SOUTH NIAS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amandraya</td>
<td>550</td>
<td>744</td>
<td>9</td>
</tr>
<tr>
<td>Teluk Dalam</td>
<td>550</td>
<td>415</td>
<td>10</td>
</tr>
<tr>
<td>Lolowau</td>
<td>550</td>
<td>425</td>
<td>13</td>
</tr>
<tr>
<td>Lahusa</td>
<td>505</td>
<td>423</td>
<td>12</td>
</tr>
<tr>
<td>SUB-TOTAL S. NIAS</td>
<td>2,200</td>
<td>2,007</td>
<td>44</td>
</tr>
<tr>
<td>TOTALS</td>
<td>5,000</td>
<td>4,491</td>
<td>100</td>
</tr>
</tbody>
</table>

Component A: Kecamatan Block Grants

1. Construction of Houses

Based on BRR’s, the Bank’s and other donors’ reconstruction experience in Aceh and in Nias, a standard design for a basic 36 square meter house had been adopted; it did not include any traditional elements but had a small front porch. The budget ceiling, adjusted in 2007 for price increases of materials, was US$7,000 equivalent per house. The structure was earthquake-resistant and consisted of a concrete slab, and steel-reinforced columns and beams. The walls were built of concrete bricks (manufactured on site) and the roof trusses were of light-weight steel to save timber; the roof was made of
corrugated galvanized steel sheets. The house also included a 1,000 liter rainwater collection tank (to store roof drainage) and a septic tank.

All houses were built on the beneficiaries’ own land, and the beneficiaries usually occupied immediately upon completion. Depending on the location and the additional transport costs, some houses used lower cost windows or other cost saving features, but no changes to the basic structure were permitted. Many beneficiaries had individualized the décor and finish of their houses, painting the walls in different colors, and using tiles or other enhancements. Also, many beneficiaries have added on additional structures, such as a kitchen and storage space.

2. Construction of Schools
A standard design for school buildings had been prepared by BRR but experience in the field showed very quickly that the layout and design of school buildings had to be adapted to actual specific needs, in terms of classrooms, and also take into account the site constraints; some schools were constructed as two-story building to fit on the available site. Schools were built on the existing community school sites but in some cases additional land was donated to accommodate a larger building. Similar to individual houses, the school buildings were designed to be earthquake-resistant and consisted of a concrete slab, and steel-reinforced columns and beams. The walls were built of concrete bricks (manufactured on site) and the roof trusses were of light-weight steel to save timber; the roof was made of corrugated galvanized steel sheets. Wooden desk and benches (manufactured locally) for the classrooms were included with the buildings. Toilets for the students were part of the buildings, together with septic tanks and rainwater storage tanks.

Cultural heritage program. A small support program was included with the school construction component to promote Nias’ unique culture and heritage. It consisted of three parts:
- Promotion and development of the Nias Museum in Gunung Sitoli. Support activities for the museum (which has no official government support) included website, brochure and catalogue development, staff training, especially for the curator, and printing of heritage books. In addition, museum visits for about 1,500 students, accompanied by 375 teachers from 66 schools, were sponsored by the program.
- Heritage education. In an effort to increase the cultural awareness among young people, about 360 students from 5 primary schools benefited from the teaching cultural heritage pilot modules developed and published to enrich the school curriculum. This initiative was supported by the district-level education offices.
- Heritage field studies. About 325 students and 26 teachers from 21 schools participated in field visits to traditional villages. Following these visits, there was an essay competition, and students contributed to the production of simple (comic) books on Nias’ cultural heritage. 6,000 books were printed for distribution to schools.

3. Construction of village halls
Originally this component was intended for local government (kecamatan) and / or village offices. However, at the start of implementation PMD referred to their policy that no kecamatan offices could be financed with project funds (which are in fact channeled
as central government funds). Therefore, it was agreed to build village offices with halls that could be used for community meetings and other local events. A standard design was prepared and it included a high metal sheet roof (on timber trusses) that attempted to imitate traditional Nias roofs. The structure itself was a concrete slab and steel-reinforced columns and beams. There was only a low wall around the sides, and otherwise the structure was open. At the back of the hall was a small walled-in area that can be used for office space (for the village head) and also for storage. The village halls were built on existing community land, and in some cases a land donation was made so the hall could be close to the center of the village.

The total target for this component had been 100 local government offices in both districts. However, the head of Nias District was unwilling to accept PMD’s ruling that only village halls could be built with project funds; he wanted to build local government offices. Therefore, it was agreed with PMD that the existing allocation would be used to build additional village halls in South Nias District.

4. Construction of public infrastructure
The type of public infrastructure could be chosen from a broad menu of categories, identical to the menu used for regular KDP projects. The majority of the proposals for infrastructure were linked directly to housing, schools and village halls, such as access roads or drainage, but other high priority needs could also be addressed. As shown below, the majority of the proposals selected were indeed roads and drainage infrastructure.

**Detailed quantities of infrastructure built**

<table>
<thead>
<tr>
<th></th>
<th>Unit</th>
<th>Gito</th>
<th>Idamogawo</th>
<th>Lolofiu Moi</th>
<th>Namentale</th>
<th>Estawa</th>
<th>Tubembeina</th>
<th>Amandraya</th>
<th>Lamasu</th>
<th>Loloau</th>
<th>Teluk Dalam</th>
<th>TOTALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roads</td>
<td>m</td>
<td>18,380</td>
<td>13,577</td>
<td>17,088</td>
<td>16,106</td>
<td>10,401</td>
<td>10,700</td>
<td>14,450</td>
<td>18,178</td>
<td>12,257</td>
<td>131,137</td>
<td></td>
</tr>
<tr>
<td>Bridges</td>
<td>Unit</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Culverts</td>
<td>Unit</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>46</td>
<td>7</td>
<td>51</td>
<td>22</td>
<td>126</td>
<td></td>
</tr>
<tr>
<td>Drains</td>
<td>m'</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>462</td>
<td>-</td>
<td>800</td>
<td>-</td>
<td>3,104</td>
<td></td>
</tr>
<tr>
<td>Culverts</td>
<td>Unit</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>650</td>
<td>-</td>
<td>-</td>
<td>650</td>
<td></td>
</tr>
<tr>
<td>Drains</td>
<td>m</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>100</td>
<td>-</td>
<td>-</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Irrigation Canal</td>
<td>m</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>990</td>
<td>163</td>
<td>-</td>
<td>1,485</td>
<td></td>
</tr>
<tr>
<td>Retaining walls and gabions</td>
<td>m</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>650</td>
<td>-</td>
<td>-</td>
<td>650</td>
<td></td>
</tr>
<tr>
<td>Dug wells</td>
<td>Unit</td>
<td>-</td>
<td>-</td>
<td>3</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>14</td>
<td>-</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>Water supply pipes</td>
<td>m</td>
<td>1,227</td>
<td>1,501</td>
<td>-</td>
<td>-</td>
<td>1,728</td>
<td>5,938</td>
<td>-</td>
<td>1,400</td>
<td>-</td>
<td>11,803</td>
<td></td>
</tr>
<tr>
<td>Sanitation facilities</td>
<td>Unit</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>8</td>
<td>-</td>
<td>8</td>
<td>-</td>
<td>-</td>
<td>21</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Public hydrants</td>
<td>Unit</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
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</tr>
<tr>
<td>Health posts</td>
<td>Unit</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Village markets</td>
<td>Unit</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>School classroom</td>
<td>Room</td>
<td>-</td>
<td>-</td>
<td>7</td>
<td>-</td>
<td>3</td>
<td>4</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>14</td>
<td></td>
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<tr>
<td>Education supporting facility</td>
<td>Package</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>
Component B: Kecamatan Planning Grants

1. Community training. A variety of relevant and supporting training programs were implemented in all nine sub-districts. In addition, there were some additional training programs supporting the timber management plan (see further below). The main outputs of the training program were as follows:

- Capacity building for sub-district financial management unit (UPK)
- Capacity building for PT/PP (Pendamping Teknik dan Pendamping Pembukuan)
- Training of community housing group in project management
- Training of community project implementation teams for schools, village halls and infrastructure investments in project management
- Training of construction workers in building skills and techniques
- Computer operator training
- Capacity building for KPMD (Kader Pemberdayaan Masyarakat)
- Orientation training for village heads and village councils
- Orientation training for BPUPK (Badan Pengawas UPK)
- Orientation training for BKAD (Badan Kerjasama antar Desa)
- Training of community maintenance groups
- Training of communities in disaster-preparedness. This training provided knowledge and understanding of disaster preparedness and how to plan their disaster risk reduction activities. The village communities were taught to produce their map of hazards, vulnerability and capacity village map.
- Capacity building (outward-bound training) for UPK staff and leaders and members of community project implementation teams. This training provided knowledge for KRRP actor about character building, teamwork and leadership through different methods (outdoor method); it had a positive impact on the pace of project implementation.

2. Timber Management Plan. An important part of this component was dealing with the potential environmental safeguard issue of illegal timber use. Nias had a very limited supply of timber, and logging was banned. Imported timber was costly and in short supply, and timber availability had become a major constraint for this and other reconstruction projects. In response to this situation, firstly, the building designs were adjusted to minimize the use of wood; secondly, certification of legally produced timber was considered to be essential to ensure the sustainability of timber resources in Nias. Thirdly, there were education and training programs for the participating villages in community forest management. Lastly, a program of tree planting was implemented, with at least 12 seedlings to be planted per house, and 30 seedlings per school and village hall; this was to compensate for the trees cut to produce the timber needed for construction activities. Seedlings of popular native and also mahogany trees were distributed for planting in the vicinity of new houses and schools; many seedlings were planted on people’s deforested land. After two to three years, a survival rate in the range of 60 to 70 percent has been reported. Below is a summary of the physical outputs of the timber management plan.
<table>
<thead>
<tr>
<th>District Sub-district</th>
<th>Number of Seedlings Planted</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Phase 1</td>
<td>Phase 2</td>
</tr>
<tr>
<td>NIAS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tohemberua</td>
<td>6,320</td>
<td>10,545</td>
</tr>
<tr>
<td>Namohalu Esiwa</td>
<td>8,000</td>
<td>0</td>
</tr>
<tr>
<td>Loloifitu Moi</td>
<td>6,029</td>
<td>7,599</td>
</tr>
<tr>
<td>Idanogawo</td>
<td>7,590</td>
<td>18,850</td>
</tr>
<tr>
<td>Gido</td>
<td>5,300</td>
<td>19,300</td>
</tr>
<tr>
<td>SOUTH NIAS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amandraya</td>
<td>7,224</td>
<td>0</td>
</tr>
<tr>
<td>Teluk Dalam</td>
<td>5,700</td>
<td>0</td>
</tr>
<tr>
<td>Lolowau</td>
<td>2,652</td>
<td>2,400</td>
</tr>
<tr>
<td>Lahusa</td>
<td>5,562</td>
<td>0</td>
</tr>
<tr>
<td>TOTALS</td>
<td>54,377</td>
<td>58,695</td>
</tr>
</tbody>
</table>

Training activities that supported the implementation of the Timber Management Plan:

- **Training of village heads in legal certification of community timber origin.** This training provided the knowledge and capacity to village head for timber measurement and issuance of certificates. The participants of this training came from Nias and South Nias District; 60 village heads, 30 from each district, participated.

- **Training of trainers in community based-forest management.** This training produced capable trainers with solid knowledge and understanding of community forest management. These trainers subsequently trained the community at the sub-district level for the implementation of community forest management. The training participants were facilitators and UPK staff from all participating sub-districts.

- **Training in community-based forest management.** The objectives of this training were to: (i) introduce the model of community-based forest management to community members in Nias; (ii) improve the community’s understanding and awareness of the importance of the environment, and specifically the forest ecosystem; and develop communities’ and local governments’ capability to design, develop and implement their village forest management plan.

**Component C: Consultant Services**

There were problems with the recruitment of the targeted number of facilitators in the field. Among those facilitators that had been mobilized there was a high turnover rate because of the remote location and difficult working conditions in Nias. Moreover, the high workload of facilitators resulted in implementation delays and quality problems, and eventually the number of facilitators assigned to each sub-district was increased. It was difficult, though, to recruit the required number of facilitators, even after Nias had been classified by PMD as a “very difficult” location, and an additional travel allowance was paid. Below is a summary of the various categories of consultant staff that were deployed on this project.
The only indicator that could be measured for this component was the performance of the complaints system that exceeded the target of 70% of complaints resolved: by project closing 93% of all complaints received had been resolved.

<table>
<thead>
<tr>
<th>Consultants by Position</th>
<th>Number of Consultants Mobilized</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Target</td>
</tr>
<tr>
<td>Nias Island Coordinator (KORPUN)</td>
<td>1</td>
</tr>
<tr>
<td>MIS Specialist</td>
<td>2</td>
</tr>
<tr>
<td>Handling Complaint Specialist</td>
<td>1</td>
</tr>
<tr>
<td>FM Specialist</td>
<td>5</td>
</tr>
<tr>
<td>Infrastructure Specialist</td>
<td>1</td>
</tr>
<tr>
<td>Logistic &amp; Labor Staff</td>
<td>1</td>
</tr>
<tr>
<td>Training Specialist</td>
<td>1</td>
</tr>
<tr>
<td>Architect</td>
<td>1</td>
</tr>
<tr>
<td>Deputy Administration Coordinator</td>
<td>0</td>
</tr>
<tr>
<td>Kabupaten Facilitator</td>
<td>2</td>
</tr>
<tr>
<td>Kabupaten Facilitator - Technical</td>
<td>2</td>
</tr>
<tr>
<td>Assistant to Kabupaten Facilitator - Technical</td>
<td>0</td>
</tr>
<tr>
<td>Kecamatan Facilitator</td>
<td>9</td>
</tr>
<tr>
<td>Kecamatan Facilitator - Technical</td>
<td>27</td>
</tr>
</tbody>
</table>

**Component D: Incremental Operating Costs**

The indicator / target for this component, i.e. 80% of project kecamatan providing operational support in a timely manner, was not monitored but this did not affect project performance because PMD funds covered this item.
Annex 3. Economic and Financial Analysis

No economic nor financial analysis was done for this emergency reconstruction project.
Annex 4. Grant Preparation and Implementation Support/Supervision Processes

(a) Task Team members

<table>
<thead>
<tr>
<th>Names</th>
<th>Title</th>
<th>Unit</th>
<th>Responsibility/Specialty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scott Guggenheim</td>
<td>Task Team Leader</td>
<td>EASID</td>
<td>Team Leader</td>
</tr>
<tr>
<td>Unggul Suprayitno</td>
<td>Senior FMS</td>
<td>EAPFM</td>
<td>FM</td>
</tr>
<tr>
<td>Rizal Rivai</td>
<td>Senior Procurement Specialist</td>
<td>EAPPR</td>
<td>Procurement</td>
</tr>
<tr>
<td>Anju Sachdeva</td>
<td>Senior Executive Assistant</td>
<td>SDV</td>
<td>General Support</td>
</tr>
<tr>
<td>Raj Soopramanien</td>
<td>Legal</td>
<td>LEGES</td>
<td>Legal</td>
</tr>
<tr>
<td>Yogana Prasta</td>
<td>Operations Adviser</td>
<td>EACIF</td>
<td>Disbursement</td>
</tr>
</tbody>
</table>

Supervision/ICR

<table>
<thead>
<tr>
<th>Names</th>
<th>Title</th>
<th>Unit</th>
<th>Responsibility/Specialty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sentot Surya Satria</td>
<td>Task Team Leader</td>
<td>EASID</td>
<td>Team Leader</td>
</tr>
<tr>
<td>Natasha Hayward</td>
<td>Task Team Leader</td>
<td>EASID</td>
<td>Team Leader</td>
</tr>
<tr>
<td>John Victor Bottini</td>
<td>Task Team Leader</td>
<td>EASID</td>
<td>Team Leader</td>
</tr>
<tr>
<td>Scott Guggenheim</td>
<td>Task Team Leader</td>
<td>EASID</td>
<td>Team Leader</td>
</tr>
<tr>
<td>Eka Hasfi Adha</td>
<td>Operations Analyst</td>
<td>EASID</td>
<td>Engineer/Architect</td>
</tr>
<tr>
<td>Achmad Ali</td>
<td>Consultant</td>
<td>EASID</td>
<td>FM</td>
</tr>
<tr>
<td>Christina I. Donna</td>
<td>Financial Management Specialist</td>
<td>EAPFM</td>
<td>FM</td>
</tr>
<tr>
<td>Jeremy Barrett Foster</td>
<td>E T Consultant</td>
<td>EASID</td>
<td></td>
</tr>
<tr>
<td>Festina Lavida</td>
<td>Consultant</td>
<td>EASIS</td>
<td>Cultural Heritage</td>
</tr>
<tr>
<td>Dennie Stenly Mamonto</td>
<td>Consultant</td>
<td>EASIS</td>
<td>Env. Safeguards</td>
</tr>
<tr>
<td>Wawan Munawar</td>
<td>Consultant</td>
<td>EASIS</td>
<td>Engineer</td>
</tr>
<tr>
<td>Franciscus Prahastanto</td>
<td>Operations Assistant</td>
<td>EACIF</td>
<td>Operations Support</td>
</tr>
<tr>
<td>Ishak Rangkuti</td>
<td>Consultant</td>
<td>EASIS</td>
<td>Disbursement</td>
</tr>
<tr>
<td>Anju Sachdeva</td>
<td>Senior Executive Assistant</td>
<td>SDV</td>
<td>General Support</td>
</tr>
<tr>
<td>Andrew Daniel Sembel</td>
<td>Environmental Spec.</td>
<td>EASIS</td>
<td>Env. Safeguards</td>
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<td>Wawan Setiono</td>
<td>Operations Analyst</td>
<td>EASID</td>
<td>Engineer</td>
</tr>
<tr>
<td>Mohammad Faisal Siddik</td>
<td>Portfolio Officer</td>
<td>EACIF</td>
<td>MDTF</td>
</tr>
<tr>
<td>Threesia Mariana Siregar</td>
<td>Operations Analyst</td>
<td>EASID</td>
<td>FM</td>
</tr>
<tr>
<td>Mohammad Saleh Siregar</td>
<td>Operations Analyst</td>
<td>EASID</td>
<td>Architect</td>
</tr>
<tr>
<td>Anton Tarigan</td>
<td>Consultant</td>
<td>EASIS</td>
<td></td>
</tr>
<tr>
<td>Peter Douglas Wrathall</td>
<td>Consultant</td>
<td>EASIS</td>
<td>FM</td>
</tr>
<tr>
<td>Bisma Husen</td>
<td>Senior Procurement Specialist</td>
<td>EAPPR</td>
<td>Procurement</td>
</tr>
<tr>
<td>Melinda Good</td>
<td>Senior Counsel</td>
<td>LEGES</td>
<td>Legal</td>
</tr>
<tr>
<td>Heinz K. Unger</td>
<td>Consultant</td>
<td>EASIS</td>
<td>ICR Preparation</td>
</tr>
</tbody>
</table>
(b) Staff Time and Cost (MDTFANS only)9

<table>
<thead>
<tr>
<th>Stage of Project Cycle</th>
<th>Staff Time and Cost (Bank Budget Only)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of staff weeks</td>
<td>US$ Thousands (including travel and consultant costs)</td>
</tr>
<tr>
<td>Lending</td>
<td>Total: 44.4 sw</td>
<td>156.5</td>
</tr>
<tr>
<td>Supervision/ICR</td>
<td>Total: 141.7 sw</td>
<td>532.4</td>
</tr>
</tbody>
</table>

9 Lending/Grant Preparation and Supervision resources did not come from the Bank Budget but were funded by MDTFANS.
Annex 5. Beneficiary Survey Results

No formal beneficiary survey was done.
Annex 6. Stakeholder Workshop Report and Results

Stakeholder workshops were held on February 23 & 24, 2011 in each of the two participating districts in Nias. Attendance was very good, and the 33 participants at each event, represented a broad cross-section of project actors as follows:

- Sub-district heads (from 5 out of 9 participating sub-districts)
- Nias Island project coordinator
- District project managers
- District staff from community empowerment section
- District facilitators, including the technical facilitator
- Sub-district facilitators, also including technical facilitators
- Head and staff of sub-district management unit (UPK)
- Heads of housing (implementation) group
- Heads of works implementation team (for schools, village halls and infrastructure)
- Staff of National Management Consultant (NMC)

The discussions were lively and generated many valuable insights and contributions. Most observations were positive and praised the transparent and participatory approach taken by the project: communities were indeed empowered and given opportunities to improve their conditions and their cohesion. A particular focus of the discussion were the many indirect benefits of the project, such as the experience and skills that project actors had acquired through their involvement in the project. There were also more critical comments, especially regarding the high workload and low pay of the facilitators. Insufficient consideration of increasing prices and high cost remote locations was cited as another problem. The main detailed observations and findings were:

- Many project actors acquired useful experience, knowledge and skills in various areas, such as finance, administration and construction, that they can use elsewhere
- New work and employment opportunities were opened up for communities
- Communities learned how to cooperate with others and how to solve problems
- The program had clear aims and built a strong sense of ownership in many communities
- The project brings large benefits to communities because of its transparent procedures
- Village people had opportunities to meet and deal with senior local government officials
- Remote and isolated communities were connected and improved
- Local government staff got out into the field much more, worked with village communities, and built good relationships with them
- Intensive socialization was very important to make sure that the communities become fully involved
- The KRRP/KDP approach is preferable because it involves the communities directly and does not employ outside contractors
- People learned about earthquake-resistant design and construction
- The workload of the facilitators was too high because they had too many projects to design and supervise
- The capacities of different communities vary greatly, and internal social problems in some villages negatively affected the outcomes
- At times, facilitators had language problems in more remote villages
- Some local government staff (sub-district and village heads) did not attend all the meetings they should have, probably because the process requires a lot of meetings
- Women’s participation in decision-making was still low because of cultural constraints, but some women took on active roles in the implementation as treasurer or secretary of implementation teams
- The lengthy processes sometimes caused costs of materials to increase while preparation proceeded slowly
- Remote locations with difficult access and higher transport costs experienced serious problems to stay within the fixed budget (unit cost) for houses and public buildings
- Scarcity and late delivery of building materials caused many implementation delays
- There were instances of misuse of funds but the complaints handling system was helpful to deal with such cases and to recover funds. Mediation procedures were useful, but proactive follow-up by the sub-district head is essential for the process to be fully effective
- Communities can change their behavior, such as in villages where improved sanitation was introduced successfully.

Workshop participants also made many useful suggestions on how to improve a project such as the KRRP:

- Facilitators should get higher salaries and more incentive pay because of the difficult work conditions and the high workload; it was noted that other agencies and NGOs pay up to twice as much
- Facilitators should be well qualified and competent people
- Facilitators should be assigned a manageable number of tasks
- Training of facilitators should be more frequent, and also more varied, relevant to their tasks and up-to-date
- Facilitators should receive a certificate and/or letter of reference when they complete their contract successfully
- Sub-district heads and staff also should get more training; they also may need incentives to make sure they attend all the meetings they should be involved in
- Training in contract management is needed
- There should be special empowerment programs for women to increase their active participation, especially in decision-making
- Differentiated budget ceilings should be used, depending on the remoteness and access conditions of different villages
- Design and appearance of buildings should be in accordance with local culture
- New public buildings should be (checked and) certified to make sure that there are no problems and litigation later
- Maintenance responsibilities for public buildings should be assigned: schools to be maintained by the parents and the village head, village halls to be maintained by the community.
- The complaints handling systems should be better organized, such as by setting up a joint secretariat for the entire program.
Annex 7. Summary of Grantee’s ICR and/or Comments on Draft ICR

On November 10, 2011 the Bank received the Grantee’s completion report in the Indonesian language. The table of contents and the executive summary, including sub-section 1.3.8 “Lessons Learned and Recommendations” were translated into English and are included below. It is noted that most of the content of this completion report are fully covered in the Bank’s ICR.

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- Remarks of the Director General for Community and Village Empowerment, MOHA
- Preface from the Director for Community Institutions and Training, MOHA

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1.2 OBJECTIVES
1.3 ACHIEVEMENT OF R2PN (=KRRP)
1.3.1 R2PN Project Areas
1.3.2 Consultants and Facilitators
1.3.3 R2PN Infrastructure Development
1.3.4 Community Participation and Empowerment
1.3.5 R2PN and Local Governments
1.3.6 Implementation Issues
1.3.7 Strategies for Activity Implementation
1.3.8 Lesson Learned and recommendations for PNPM-R2PN
  Table: Lesson Learned from PNPM-R2PN implementation
  Table: PNPM-R2PN Performance Indicators
  Table: PNPM-R2PN Outcomes
2. ACHIEVEMENTS AND OUTCOMES OF R2PN (2007 – 2011)
2.1 Housing Development Activities
2.2 School Development Activities
2.3 Village Hall (Balai Desa) Development Activities
2.4 Rural Support Infrastructure Activities
2.5 Disbursement and Distribution
2.6 Capacity Building
2.7 Community Participation
2.8 Transparency and Information Disclosure
2.9 Financial Management Supervision
2.10 Complaints Handling and Issues
3. CHALLENGES AND FUTURE PLANS
3.1 Challenges of PNPM-R2PN Implementation
3.2 Future Plans
ANNEXES
1. Summary of Activity per District
2. PPK-R2PN Activity Cycle
   Kecamatan-Level PNPM-R2PN Organizational Structure
Introductions

The earthquakes and tsunami in 2005 / 2006 were calamities causing the people of Nias to lose their homes, and also social and other public facilities. Central Government aid through the Ministry of Home Affairs (MOHA) had been provided through an empowerment program called National Program for Community Empowerment – Reconstruction and Rehabilitation of Nias Island (PNPM-R2PN). The program was initiated in November 2006 and launched in January 2007 but its physical activity implementation commenced in December 2007 and ended in May 2011.

PNPM-R2PN paid attention to and played a significant role in the empowerment of the people of Nias. Activities under PNPM-R2PN provide lessons for the community in undertaking a development process to restore and recover their spirit of cooperation through development of physical infrastructure and public and/or social facilities. The major activities were to reconstruct people’s houses, schools, village halls and rural infrastructure.

The PNPM-R2PN covered two districts (kabupaten), i.e. Kabupaten Nias consisting of 5 sub-districts (kecamatan), i.e. Idanagawo, Gido, Lolofitumoí, Tuhemberua and Namohalu Esiwa, and Kabupaten Nias Selatan consisting of four sub-districts, namely Teluk Dalam, Lahusa Lolowau dan Amandraya.

Assistance was provided by the PNPM Management Consultant, the Nias Island Coordinator and facilitator teams at district and sub-district levels composed of an Empowerment Facilitator and a Technical Facilitator.

Implementation Issues

1. Limited human resources i.e. consultants and workers, because the project sites were isolated and the salaries and compensation were less competitive than for other projects.
2. Environmental issues, related to use of local timber: The solution was to minimize the use of timber and, instead, increase the use of light steel trusses for roof structures. The use of local timber was allowed on condition that mahogany seeds were given to each R2PN building beneficiary for replanting to prevent soil depletion; the same was done for schools. Also, locally cut timber had to be certified by the relevant village head to prevent the use of illegal timber.
3. It is extremely difficult to distribute building materials to the sites by 4-wheel drive and regular vehicles, and consequently, at times, the materials had to be carried people (porters). Additionally, fabricated materials had to be shipped from Sumatra Island by ship which was highly affected by weather or season.
4. The inflexible Project Manual (PM) resulted in slow progress: until early 2010 it was still far behind schedule, eventually leading to changes to the operating technical manual, design and other rules in an Amendment of the PM.
5. The firm of Management of Consultants was changed three times to before locating good management expertise to accelerate the completion of KRRP activities.

**Lesson Learned and Recommendations for PNPM-R2PN**

The approximately 5-year implementation period of PNPM-R2PN provided many benefits and lessons and has built a momentum for improving and enhancing similar future programs as shown below:

<table>
<thead>
<tr>
<th>No.</th>
<th>Policy/Rule/Topic</th>
<th>Field Facts</th>
<th>Negative Impacts</th>
<th>Lesson Learned</th>
<th>Recommendations</th>
</tr>
</thead>
</table>
| 1.  | Adequate financing amounts for house construction throughout the region          | - For areas near the city, the financing amount was sufficient but for difficult-to-reach areas or far from the city or without access for 4-wheel drive vehicles, the amount was insufficient.  
- Community contributions were not really successful because the people are poor.  
- A revision was made to reduce items of work. | - Late physical completion.  
- Identical financing amounts were insufficient to meet the needs of all sites |  
- Map and construction budget should be based on the actual locations. |  |
| 2.  | Adat (custom) or individually or collectively owned land relinquishment [for the purposes of construction of public facilities] | - Pieces of land that were donated at first were often claimed back by related parties.  
- Resolution of such cases by the authorities was generally slow | - Implementation came to a stop  
- Relocation of facilities was necessary  
- Project activities were delayed |  
- The ownership of land to be granted for program should be cleared as proved by legal evidence before project execution starts. |  
- Land donation certificate should be made in a format specified by the Agrarian/ National Land Agency Law (BPN)  
- The donated land should include a sketch showing size, area and boundaries. |
| 3.  | Bid bond for successful bidder was not standardized                              | - Successful bidders often withdrew without fear of sanctions.  
- Supplies were not capable. | - One bid was cancelled and a new bid call was made  
- Implementation was interrupted because goods could not be supplied on time. | To control potential suppliers and successful suppliers, a bid bond is required for all bidders and also the selected contractor  
- Contract clauses should be revised. |  
- Bidders should submit bid bonds in a minimum amount of Rp 3 million that should be returned after bidding completion.  
- Successful bidders should provide a minimum deposit of 5% of the contract to TPK and the deposit should be kept in a special account in UPK  
- All warranties |
4. Capacity of facilitators

<table>
<thead>
<tr>
<th>On average each kecamatan had:</th>
</tr>
</thead>
<tbody>
<tr>
<td>- 448 houses</td>
</tr>
<tr>
<td>- 27 village halls</td>
</tr>
<tr>
<td>- 10 Schools</td>
</tr>
<tr>
<td>- 16 Infrastructures</td>
</tr>
<tr>
<td>There are 6 FTs (=technical facilitator) and 1 FK (=Kecamatan facilitator) and thus each FT facilitated:</td>
</tr>
<tr>
<td>- 74-75 houses</td>
</tr>
<tr>
<td>- 4-5 village halls</td>
</tr>
<tr>
<td>- 1-2 Schools</td>
</tr>
<tr>
<td>- 2-3 Infrastructures</td>
</tr>
</tbody>
</table>

- Facilitators were overloaded with their responsibilities thus causing a lack of adequate assistance to the communities
- There were often technical errors in implementation thus disrupting the work.
- FTs resigned due to their heavy workload.
- Facilitator’s capacity was limited. If s/he was overloaded, no satisfactory results could be produced

Each FT should ideally provide facilitation in each kecamatan as follows:
- 30—40 houses
- 2—3 village halls
- 2—3 schools
- 2—3 P3
Every 3 FTs should be accompanied by 1 FK.

5. FT (Technical Facilitator) were turned into District Assistant Facilitators (FTK)

- No special pre-service training was available
- Management capacity was not improved and their performance was not really changed
- After promoting FT to FTKab Assistants, they should have been provided with operational management training

- Assistants’ task and function (TUPOKSI) should be clarified
- Pre-service training should be adjusted to needs in the field

6. Technical Support Facilitators (PT) and Accounting Support Facilitators (PP)

- PT and PP met the criteria only after a long assignment
- There was only perfunctory preparation for providing training (4 days)
- Provided by Kecamatan, the training was of rather low quality
- No appropriate TOT was available for FTs and FKS.

During the early part of their assignment, PTs were less capable than craftsmen and therefore found it difficult to provide good explanations.
- PPs were not skilled in
- PTs and PPs have strategic positions. After having been retrained by FT-District, they were very helpful in supervising and controlling activities in the

- PTs and PPs are still needed because the empowerment of local communities is considered to be very useful.
- Training time under a study system should be for weeks with improved materials.
| 7. | Facilitation phase has 14 days period for objection, 10 days for the actual announcement, and 4 days for discussion. These deadlines are posted at 4 (four) places. | - Announced to village head, but it was not transparent  
- Many people were not aware of these deadlines  
- Upon MDKP (Village Hand-Over Meeting) the people found out who would receive aid which led to objections over each other's claims and compensation. | - Many such issues have a snowball effect.  
- Facilitation workload becomes even heavier. | - Due to shortage of facilitators during early planning phase, the facilitation was not optimal and not always provided  
-Socialization on mechanism for raising objections should be done earlier. | - At the beginning of the program, enough facilitators should be available to meet the needs on the ground.  
- Initial briefing should be sufficient particularly prior to socialization and planning.  
- Facilitators should be trained fully to plan activities with the community. |
| 8. | House damage assessment system in relation to actual levels of damage | - The fact the house assessment is based on community assumption who does not have technical knowledge.  
- Assessments needed rechecking, eventually engaging FTs and FTKab. | - The community still needs good facilitation to assess levels of damage. | - Assessment should be detailed and based on classification of the levels of damage.  
-Competent technical experts should be available. | |
<p>| 9. | Dissemination of knowledge of earthquake-proof concepts for construction. | - Workers were not provided with enough knowledge or concepts of earthquake-proof and simple buildings | - Explanation of earthquake-proof concept is still inadequate. | - Community will start to copy reinforced concrete | - In providing training for the community, it is necessary to explain earthquake-proof |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th>buildings like built by R2PN - Craftsmen want to follow good technical principles</th>
<th>construction principles. This means that FTs should be provided with materials in their pre-service training.</th>
</tr>
</thead>
</table>
| **10.** | Community Training (Pelmas) | - Pelmas used PNPM-Rural materials that did not fully match the actual needs.  
- No special training materials were available for KRRP Pelmas | - Issues of personal traumas or mitigation of disaster impacts were not addressed by KRRP  
- Disaster areas should receive special attention when providing community training materials.  
- There should be disaster-specific training materials  
- Multi-year programs require improvement in training materials. |
| **11.** | Kabupaten Facilitator Team (Faskab) conditions | - There were not enough human resources in relation to the responsibilities that had to be met. | - Volume of work was large, and therefore Faskab teams were overloaded.  
- Volume of work should be proportional to the number of staff assigned to the tasks, and should be within the limits of their competency.  
- Faskab assistants are needed but if FMS assistants are posted to Kabupaten, Faskab assistants are not needed  
- There should be specialist assistants in Kabupaten, e.g. FMS assistant and MIS. |
| **12.** | Tree planting and planting of mahogany seeds | - Experience on the ground showed that local native seeds are difficult to obtain.  
- Mahogany trees are not suitable for certain types of soils in Nias | - Many seedlings died because they were not suitable for certain types of soils in Nias  
- For the conservation of local forests, replanting is the way to achieve environmental sustainability.  
- Legal supply of local wood is needed  
- Forest preservation should be stressed by program actors  
- The species planted should be local native trees. |
| **13.** | Introduction to local culture | - School children should know their ancestral culture properly | - Expectation that local people are most familiar with local culture is not always correct.  
- There should be training materials on the preservation of local culture and traditions. |
| **14.** | KP, TPK (implementing committee) Operating Costs | - Financing amounts were the same for “normal” villages and those in very difficult locations | - KPs and TPKs in difficult areas were short of funds for transportation and accommodations  
- There should be additional allowances for KP and TPK in very difficult areas  
- There should be adjustments to allowances, particularly to the transportation needs (for normal, difficult and very difficult villages). |
Challenges of PNPM-R2PN Implementation

1. PPK-R2PN (KRRP) Program Implementation Period (renamed PNPM-R2PN due to a change to program policy). The program started on November 10, 2006 and was planned to end on December 31, 2009, but in practice there were many obstacles causing delay in its completion. The implementation in the field was extended to May 31, 2011 and the closing date was June 30, 2011.

2. R2PN targets: 5,000 houses; 100 schools; 100 village halls; and some rural infrastructures with a total cost of Rp. 2 billion per kecamatan per fiscal year. These targets were slightly modified, and the actuals were: 4,491 houses (including 458 houses built by BRR); 100 schools; 110 village halls and 149 rural infrastructures. The outcomes of PNPM-R2PN implementation until May 31, 2011 in Kabupaten Nias show that 21 additional activities were handed over to the community with a note that the final status of physical and financial activities was not completed as set out in an Official Report on Activity implementation due to a design revision. The activities were 10 schools and 11 infrastructure projects. 6 of those activities were not completed to 100% and had remaining funds but these funds could be used by community. All the remaining funds were transferred back to the Special Account. Meanwhile, all activities in Kabupaten Nias Selatan were reported to have been handed over to the community without note.

3. During the PNPM-R2PN implementation from 2009 to 2011, some 205 complaints were received, 14 of which have not been fully addressed yet. Some 40 issues were categorized as misuse of funds, 27 of which were addressed, and the other 13 are being addressed. The total amount categorized as misuse of funds was Rp 1,151,826,736 and the total recovered was Rp. 713,534,848 (62%). Of all the issues that arose, 5 were brought to litigation, i.e. 3 issues were handled by the Police, one issue was permanently decided by the Court, and one issue is at the cessation level to the Supreme Court.

4. Procurement of materials and labor was as follows:
   a. The process of inviting competitive bids by TPK and UPK from potential suppliers was considered to have been less than fully transparent.
   b. There were many cases when successful suppliers withdrew their bids.
   c. Agreements (contracts) for the supply of materials did not contain clear sanctions for suppliers who failed to meet their contractual obligations.
   d. The availability of skilled labor was limited.
   e. In cases that construction completion was much delayed, unit prices under the Budget Plan (RAB) were not sufficient anymore in relation to the market unit prices upon completion of activity (e.g. a building started in 2007 and completed in 2010).

5. Designs and RAB, including designs of buildings (houses, schools and village halls), in some cases had to be revised due to limited area of land, local traditions, and
materials transport to difficult-to-access sites – all for easier construction implementation.

6. Financial administration and management at Kecamatan (UPK) and at village (TPK) levels was inadequate, and many documents were found to be incomplete. This was caused by limited capacity of actors at kecamatan and villages (PP/PT & TPK) levels although they had received training several times. The replacement of UPK managers also contributed to losses of documents at the Kecamatan UPK. FKs/FTs’ activities were not optimally facilitated due to high turnover of FKs/FTs staff and a shortage of FK personnel with only one staff per kecamatan. In general, there were more than 20 accounts per kecamatan that had to be managed by UPK and facilitated by FK.

7. Community Training was provided as follows:
   a. There were 23 types of training given to the program-supported communities, with 98 training courses in Kabupaten Nias and 82 in Kabupaten Nias Selatan.
   b. There were 6,007 participants divided into 2,433 men in Kabupaten Nias and 2,691 men in Kabupaten Nias Selatan, and 306 women in Kabupaten Nias and 577 women in Kabupaten Nias Selatan.

8. Maintenance of constructed buildings by the communities and the TP3 (maintenance) teams is inadequate due to unavailable fund to do the maintenance.

9. Management of PNPM-R2PN Facilitators:
   a. Because of the difficult working conditions it was difficult to find potential facilitators interested in working in Nias Island. PNPM-R2PN facilitators often resigned their position while on assignment thus adding more problems to completing works on time.
   b. The number of Kecamatan Facilitators (FK/FT) per Kecamatan in PNPM-R2PN was not adjusted according to their allocation at the start of implementation. The Kecamatan Facilitators originally allocated were one FK and two FTs with a substantial workload (hundreds of houses, tens of schools, tens of village halls and tens of rural infrastructure units). Gradually, the number of FTs was increased to 6 per kecamatan.
   c. Honoraria of PNPM-R2PN Kecamatan Facilitators (in 9 Kecamatan) was lower than that of PNPM-MP Kecamatan Facilitators in the same kecamatan. The period during which the different payments occurred was from November 2007 to September 2009.

10. Intensive and sustainable involvement in terms of proactive action of the Coordinating Team and District PNPM-R2PN Working Unit was crucial, particularly for handling non-performing activities in relation to loss/abuse of funds. Coordination and joint evaluation at Village, Kecamatan and District levels were not conducted optimally by all PNPM-R2PN actors. Coordination problems with the apparatus (civil service) were also found to occur in the Kecamatans
integrated into a split district region such as PNPM-R2PN kecamatans/villages in Kabupaten Nias Utara, Kabupaten Nias Barat and Gunungsitoli City.

FUTURE PLANS AND RECOMMENDATIONS

1. It is suggested that in respect of the remaining PNPM-R2PN activities handed over with a note the PNPM-MPd Working Unit (Rural) in each Kabupaten should immediately coordinate with Facilitators and PNPM-MPd UPK to clear the note. This is consistent with DG for Community and Village Empowerment’s letter No. 414.2/2712/PMD dated May 20, 2011 on Completion of PNPM-R2PN Activities. Some activities that have not been handed over (MDST) were actually completed 100%. A handover village meeting that was not held until May 31, 2011 should be held and can be facilitated by Kecamatan PNPM-MPd Facilitator in the location.

2. In respect of the remaining activity funds returned to BI special account No. 602.100411, alternative funds may be sought from the community itself or from Local Government or other programs if they still need funds.

3. In respect of complaint handling, the Nias and Nias Utara Kabupaten PNPM-MPd Working Units should facilitate the handling of unresolved PNPM-R2PN issues. This is consistent with the DG for Community and Village Empowerment’s letter No. 900/557/PMD dated February 1, 2011 concerning PNPM Mandiri-Rural BLM Reimbursement. The Kabupaten PNPM-MPd Working Units’ failure to address issues and reimbursement may contribute to a recommendation for categorization as Non-Performing Kecamatan (Sub-districts).

4. In respect of procurement of materials, more detailed clarification should be added to the PNPM Mandiri-Rural Technical Operation Manual (PTO) as follows: additional rules to ensure transparency when inviting bids from potential suppliers and additional rules to prevent withdrawal of bids by contractors/suppliers from their obligation to supply materials under the contract. These revised rules should seek to attract more potential suppliers, get more competitive quotations and ensure a firm commitment from Suppliers.

5. In respect of Design and Budget Plan (RAB), it is necessary to consider the time for issuing Revision and Amendment to PTO to avoid late completion of activities. So, it is important to do this in similar programs in other locations.

6. In respect of human resources (HR) mobilization and development, it is recommended that pre-service training provided for Facilitators/FK/FT should be improved. The training materials should be aligned with the type of facilitation to be provided by Facilitators. Facilitation under a post-disaster reconstruction and rehabilitation program should certainly be different from facilitation under a regular PNPM-MPd program.
Annex 8. Comments of Co-financiers and Other Partners/Stakeholders

This Annex contains comments on the project prepared by the Secretariat of the Multi Donor Fund for Aceh and Nias (MDF) and do not necessarily represent the views of the MDF Steering Committee or donors. The MDF provided a grant of US$25.75 million for KRRP, one of the MDF’s 23 projects for post-disaster recovery in Aceh and Nias.

The Kecamatan-Based Reconstruction and Rehabilitation Planning Project (KRRP) is part of the group of five CDD-based Community Recovery projects supported by the MDF, which also included the Aceh housing project CSRRP (also known as Rekompak), and the KDP, UPP, and RALAS. The Community Recovery projects were the first wave of projects approved by the MDF. Designed to meet urgent recovery needs, this set of projects drew on the successful existing models of two national programs, the KDP and UPP. Overall, these CDD projects in the MDF portfolio have been viewed as highly successful. They have demonstrated that (1) a CDD approach can be used successfully to provide communities a role and voice in their own recovery and reconstruction in a post-disaster context, and (2) using existing mechanisms (such as scaling up on-going national-level projects) to deliver post-disaster recovery and reconstruction programs is an effective strategy. The community-based housing approach used in both Aceh and Nias has also delivered higher quality housing at lower cost than other projects that did not use a community-based approach.

The KRRP project built upon the successful experience of both the Rekompak housing project in Aceh and the KDP by focusing on planning processes and providing block grants to support community infrastructure identified as priorities by village communities in Nias. KRRP represented the MDF’s largest investment in the island of Nias. The project was designed specifically for the post-disaster reconstruction context in Nias, taking into account the particularly challenging implementation environment there caused by the island’s remote location, difficult topography and lack of transportation infrastructure, and high rates of poverty. MDF donors and the Government of Indonesia took a strong interest in the successful implementation of this program to meet the post-disaster recovery needs of communities in Nias.

KRRP is the last of the MDF’s Community Recovery projects to close. It faced significant delays throughout implementation, mostly due to the extremely challenging conditions in Nias. Weak local government capacity and the sub-division of the island’s two districts into four during the project’s lifetime added to the complex and challenging operating conditions for the project. Nevertheless, the project was able to achieve impressive results by closing. The project has taken a flexible approach in meeting implementation challenges and adapting to the unique needs of Nias. Two particularly important adaptations were the attention to the unique cultural heritage of Nias, which the project incorporated into its work on schools, and the replanting program initiated in response to the concerns about the impact of reconstruction on forest resources on the island. The experiences from KRRP and the other CDD-based projects implemented in Aceh and Nias are providing important lessons for post-disaster recovery in Indonesia and other post-disaster contexts around the world. Lessons from KRRP for future projects in similar difficult contexts reinforce the need to expect challenges and plan for
contingencies when designing projects, and to be realistic about how such challenges can impact implementation.

KRRP was not able to fully utilize the grant funds provided by the MDF, and as a result US$5.6 million is being returned to the MDF. The project team maintained good communications with the MDF on this issue, and the Government of Indonesia informed the MDF of its intent to return these residual funds in sufficient time for the funds to be reprogrammed to other active projects in the MDF portfolio. As a result, these grant funds will continue to support the recovery of Aceh and Nias and help lay the foundation for future development until the MDF’s mandate ends in December 2012.
Annex 9. List of Supporting Documents

- Grant Agreement and amendment letter
- BRR Concept Note
- Project Appraisal Document
- Aide Memoires and associated Management Letters
- Back-to-Office Reports and Implementation Status Reports
- Project Progress Reports and Financial Management Reports
- MDTFANS MTR Report. MDTFANS. 2009
- Notes and attendance list of stakeholder workshops in Nias. February 2011.
MAP SECTION
MAP

INDONESIA
KECAMATAN-BASED RECONSTRUCTION AND
REHABILITATION PLANNING PROJECT
NIAS

Legend of Sub-District Profile
- House (Unit)
- School Building (Unit)
- Village Hall (Unit)

Supporting Rural Infrastructure
- Road (M)
- Bridge (Unit)
- Culvert Box (Unit)
- Dam (M)
- Irrigation Ditch (M)
- Retarding Wall (M)
- Shallow Well (Unit)
- Cleaning Water Facility (Unit)
- Public Latrine (Unit)
- Public Hydrant (Unit)
- Village Health Center (Unit)
- Village Market (Unit)
- School Building (Class Room)
- Education Support Facility (Pacakge)

Legend of Sub-District Area
NIAS
1. TUVEMBERU
2. LOLOPITU MOI
3. NAMOHALLI ESSWA
4. GOIOD
5. DABAO GOIAO

NIAS SELATAN
6. LOLOVAU
7. AMANDRAVA
8. LAHUSA
9. TELUK DALAM

District Boundaries
Sub-District Boundaries

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