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QUARTERLY REPORT

1 April - 30 June 2013

**INDONESIA DISASTER RISK REDUCTION PROGRAM
FINANCIAL ACCESS**

Indonesia Liquidity Facility After Disaster (ILFAD)

Funded by
United States Agency for International Development (USAID) / The Office of US Foreign Disaster Assistance (OFDA)



COUNTRY CONTACT	HEADQUARTERS CONTACT	PROJECT SUMMARY
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1. Executive Summary

ILFAD conducted pre-assessments in East Java, West Nusa Tenggara, East Nusa Tenggara and Aceh this quarter. Pre-assessments for Maluku, West Java and Mandailing Natal district of North Sumatra will be conducted along with research activities and assessments, performed by LAPENKOP¹, a consultant chosen through a tender process during the reporting quarter.

Meetings with several potential APEX institutions were conducted, including a meeting with one of the main program stakeholders, Bank of Indonesia. The team also initiated discussions with several insurance companies in Indonesia to facilitate and enhance mutual cooperation between insurance companies and MFIs in the future.

ILFAD continued its cooperation with Bank of Indonesia (BI) and also learned of a new institution, *Otoritas Jasa Keuangan*/Financial Supervisory Authority (OJK), a newly established independent, government financial institution mandated by the 2011 Constitution's Article 21. One of its functions and authorities is to take over some of BI's roles as a regulatory supervisor, examiner and investigator for national banking-related activities. 2013 marks a critical period for both institutions as their interactions are intensified in order to finalize the transition process by December, as mandated by the Constitution. This ongoing transition has a direct impact on the implementation of the ILFAD's program activities while planning and strengthening cooperation with Bank of Indonesia.

The ILFAD team facilitated a field visit of APDR3's² conference participants to the Merapi Mulia cooperative to observe the DRR savings and loan products, as well as the best practices and challenges for creating liquidity funds after disaster thus far. The ILFAD Program Manager was also invited to be a keynote speaker at the Funding and Disaster Risk Insurance Symposium organized by International Organization for Migration (IOM).

Achievements

Pre-assessment activities: During this quarter, ILFAD implemented pre-assessment activities in Aceh and East Java on 22-26 May 2013, while West Nusa Tenggara and East Nusa Tenggara provinces was held on 1-6 April 2013. Apart from meetings with stakeholders, pre-assessment activities were also conducted to carry out preliminary mapping of the disaster prone areas and the institutions' capacity to mitigate negative economic impact after disasters in the target provinces. See Annex 3.

West Sumatra was chosen as the first in-depth partner: One of the ILFAD program objectives is to target three provinces as in-depth partners. The criteria for a province to be an in-depth partner are 1) MFIs are willing to provide monthly contribution funds; 2) APEX institution is willing to open a liquidity account and deposit MFIs' funds as initial liquidity funds after a disaster; and 3) the local government is willing to involve and provide contributions to the liquidity account during the ILFAD program implementation.

On 25 May 2013, ILFAD personnel had a meeting with Sumatra's PERBARINDO (Indonesia Association of Rural Banks). During the meeting, PERBARINDO stated that all MFIs under the

¹ See Annex 1.

² See Annex 2.

association agreed to put a monthly contribution fee of between IDR 250,000 to 500,000 into the proposed liquidity fund. West Sumatra was chosen as the first in-depth partner since they fulfilled one of the three mandatory criteria above. In order to speed up implementation of the other two mandatory criteria, an ILFAD program staff is being relocated to work full time in West Sumatra, at PERBARINDO's office.

Tender for partner consultant of ILFAD program: LAPENKOP was selected through the tender process for the ILFAD partner consultant, consisting of several stages of open tendering, including posting a tender invitation advertisement in media, registering interested consultant institutions, offering proposals and presentations, site visits, finalizing through an internal committee evaluation and scoring to choose the best candidate based on the selection criteria. Please see Annex 1 for additional detail.

A visit by Asia Pacific Disaster Risk Reduction & Resilience (APDR3) participants to the Merapi Mulia cooperative: The APDR3 conference was held in Jogjakarta on 10-13 June 2013. Leaders from academics, government, commerce and non-profit organizations attended the event. The ILFAD program's Merapi Mulia cooperative was chosen to be one of the sites for field visit by the conference participants; they visited the Merapi Mulia cooperative on June 10th and inquired about DRR savings and loan products that have been developed under ILFAD. Please see Annex 2 for additional detail.

An ILFAD member was invited to be one of the keynote speakers at the Funding and Disaster Risk Insurance Symposium: On 15-16 April 2013, the ILFAD Program Manager participated as a keynote speaker at the symposium organized by International Organization for Migration (IOM). During the event, Mercy Corps senior staff presented comprehensive ILFAD program objectives and activities, including DRR savings and loan products that have been established at four MFIs in three provinces, Jakarta, Jogja, and West Sumatra. Please see Annex 6 for additional detail.

Challenges

The initiation of Otoritas Jasa Keuangan (OJK): An independent, government financial institution created to be free from other parties' interventions. One of its functions and authorities is to take over some of BI's roles as a regulator, supervisor, examiner and investigator for national banking-related activities. OJK was established under the Constitution's Article 21 of 2011 and has been approved by Indonesia's House of Representatives. Under the Constitution, the transition period from Bank of Indonesia to OJK must be finalized by 31 December 2013. The end of the transition period will impact ILFAD's activities, as the team has maintained intensive coordination with BI regarding future planning, including cost sharing on training for disaster preparedness and liquidity management for rural banks in nine provinces targeted under ILFAD. The ongoing communication is now reduced as BI's authorities regulating rural banks are decreasing while OJK is not fully operational yet. OJK is located in BI's office, utilizing its facilities, and most of their key staff are still working as BI's staff. This period of transition creates difficulties for ILFAD in maintaining further discussions, as well as coordination for the program activities.

Changes to target sites affected the program schedule: New developments affected the initial schedule and team's activities, such as changes made by the local governments in East Nusa Tenggara, West Nusa Tenggara and Aceh regarding pre-assessments activities schedule. Some scheduled activities remain incomplete. The following disaster-prone areas have yet to be visited:

West Java, Maluku and the Mandailing Natal district of North Sumatra. ILFAD has decided these areas will be visited simultaneously for research and assessment activities to be conducted by LAPENKOP next quarter. As requested by the MFIs, round table meetings are postponed until late August or September due to current, tight schedules for the month of Ramadhan and Eid holiday.

2. Program Overview

Pre-Assessment

The team's pre-assessment activities this quarter were conducted in four provinces including West Nusa Tenggara, East Nusa Tenggara, East Java and Aceh. Preliminary mapping of the disaster prone areas was completed and the institutions' capacity to mitigate negative economic impact after disasters in the target provinces was evaluated. Complete data and analysis for nine provinces will be provided in the next quarter. For preliminary details on each pre-assessment, see Annex 3.

Tender Process for selection of the program consultant

The Mercy Corps team finalized the tendering process to choose a partner consultant for the ILFAD program. The entire process included several stages, as follows:

- a) 1 - 5 May 2013 - Advertising: As per Mercy Corps procurement regulations, the tender announcement was carried out to invite a number of registered consultancy institutions in Indonesia. The announcement was posted on one of Indonesia's largest media outlets: Media Indonesia newspaper.
- b) 3 - 10 May 2013 - Registration and Letter of Interest: five firms submitted their letters, including: Dagi Consulting, PT. Bios Indokarsa Utama, PT. Vaia Indonesia, Lapenkop - Aceh Area, and PT. Bina Swadaya.
- c) 13 - 14 May 2013 - Tender Invitation sent.
- d) 16 May 2013 - Briefing and issuance. The briefing was done openly at Mercy Corps' office by the tender committee and was attended by all firms who submitted a letter of interest.
- e) 20 - 24 May 2013 - Proposals: Three out of five firms made proposals, these were PT. Vaia Indonesia, Lapenkop - Aceh Area, and PT. Bina Swadaya.
- f) 24 May 2013 - Bid opening: All tender participants witnessed the bid opening at Mercy Corps office through a transparent and accountable process.
- g) 28 May 2013 - Document selection by the tender committee to check the completion of the documents submitted.
- h) 29 May 2013 - Vendor presentations were done at Mercy Corps' office and consultants explained their complete proposals including fee quotations, execution methods and time requirements.
- i) 3 - 14 June 2013 - Visits to vendors to see original documents such as registration certificates, legal documentation, etc. on these potential consultant institutions. Visits held in stages as follows: on 3 June 2013 to LAPENKOP - Aceh Area, 7 June 2013 to PT. VAIA, and on 11 June 2013 to PT. Bina Swadaya. Finally, on 14 June 2013, the tender committee prepared a scoring based on the outlined criteria and selected LAPENKOP - Aceh Area as the winner.

Coordination

During this quarter, ILFAD conducted several meetings, visits and social events with numerous stakeholders, including the following meetings:

INKOPSYAH/the Head of Syariah Indonesia cooperative on 26 April 2013: The organization oversees syariah/shari'ah cooperatives (BMT) in Indonesia. It serves as a pooling fund and provides inter-lending to BMT. The meeting was held at INKOPSYAH's office in East Jakarta, attended by Mr. Abdullah Yazid, Chairman of INKOPSYAH and Mr. Arrison Henry, Manager of INKOPSYAH. The discussed topics included: 1) INKOPSYAH will provide data for cooperatives/BMTs under their management, which are located in disaster-prone areas, to participate in phase 2 of the ILFAD program. Currently, there are 374 BMTs under INKOPSYAH's management. 2) INKOPSYAH will be able to manage post-disaster liquidity accounts since the management is also receiving contributions from BMTs with its assistance.

INKOPDIT/the Head of Credit Cooperative Indonesia: It oversees credit cooperatives in Indonesia and affiliated with the International Credit Union. INKOPDIT also serves as a pooling fund and carries out inter-lending specifically for credit cooperatives or credit union under their management. The aspects below were discussed at the 22 May 2013 meeting and information and explanations were given by Mr. Romanus Woga, the Chairman of INKOPDIT: 1) INKOPDIT fully supports the ILFAD program and is willing to contribute to all of ILFAD's activities. Specifically, PUSKOPDIT/INKOPDIT's association in the town of Maumere, East Nusa Tenggara, agreed to contribute by providing venues for social events, trainings and other meetings. 2) INKOPDIT will provide suggestions on data of credit cooperatives under its management, specifically those in disaster-prone areas to contribute to and participate in ILFAD. 3) On 7 June 2013, INKOPDIT visited the Sumber Rezeki Baru women's cooperative in Penjaringan, Jakarta in order to witness the implementation for development of DRR products.

Bank of Indonesia (BI): ILFAD conducted two meetings with BI. The first meeting was held at Mercy Corps' office on 14 May 2013 and attended by Mr. Monang, the Deputy Director of BI's funding division, and Mrs. Budiarti, the head of the division. ILFAD presented the future program plans and aspects of the program requiring support from BI and proposed cooperation in the framework of cost-sharing for training activities for MFIs in the nine provinces.

The second meeting, on 17 May 2013, was a follow-up to the first meeting and was held at Bank of Indonesia's office. However, the key persons from BI's supervision and funding division could not attend the meeting due to an unplanned meeting with the Minister of Economy and Finance.

Outcomes were: Bank of Indonesia staff informed Mercy Corps that they were busy through December 2013 with the process of transitioning authority to OJK. At this time, BI is unable to provide a clearer picture as to the type of support that can be provided to ILFAD, specifically as related to the cost sharing trainings for MFIs in the nine provinces. Bank of Indonesia believes such a decision should be made by OJK presumably at a later date.

BNPB: ILFAD team held a meeting with BNPB on 28 June 2013 and was attended by Mr. Mukhtaruddin, Deputy Director for subdivision of the Disaster Preparedness, and Mr. Sigit Padmono Dewo, the head of the subdivision.

Topics for discussion included "Desa Tangguh" which is BNPB's preferred DRR program, updates on ILFAD, a cooperation proposal for cost sharing for training activities for MFIs in the nine provinces, as well as how ILFAD and MFIs are able to support and actively involved in the program implementation. ILFAD and BNPB agreed to have a follow-up meeting after the Eid-ul Fitr celebration.

ILO: A meeting with ILO was held at Menara Thamrin – Jakarta on 15 April 2013, and was attended by Michiko Miyamoto, Deputy Director of ILO. The ILFAD Program Officer presented the program plans to be implemented in the nine provinces, while ILO presented the plan for Training of Trainers for Small and Medium Enterprises on Business Continuity Management. Both ILFAD and ILO agreed to discuss synergic possibilities in the next meeting.

Insurance companies: ILFAD has conducted meetings with several insurance companies in Indonesia, such as PT. ACA Insurance, PT. Prudential, PT. Sinar Mas, PT. Allianz, and PT. Manulife. The team suggested cooperation between the insurance companies and MFIs in development and promotion of natural disaster insurance products for customers in the nine provinces. It received good feedback and further meetings will be conducted in the next quarter.

Eka Tjipta Foundation: The meeting was held on 22 May 2013 at Eka Tjipta Foundation's office and was attended by Mr. San Gunawan, Acting Advisor. It is a follow up from the previous meeting with PT. Asuransi Sinar Mas, one of the business units under Sinar Mas Group – a holding company with other business units in banking. ILFAD presented the program comprehensively and proposed cooperation with MFIs under the program. ILFAD's program was well received and a further meeting with the owner of Sinar Mas Group will be held.

3. Performance Summary

For ILFAD program performance summary to-date, please reference Annex 4.

4. Conclusion

During this quarter, ILFAD has developed concepts to be offered to several insurance companies in the next quarter, such as to develop disaster-specific insurance products and work in cooperation with MFIs to promote them.

The liquidity funds for disaster response and recovery is considered a new initiative for Indonesia, as well as for MFIs and the insurance companies. MFIs will be able to provide more customers with liquidity finance, since some of the funds - that were needed to rebuild a business or a house - will be covered by the insurance company. Once available, the product will speed up the recovery process. So far, reactions from insurance companies are positive.

Some plans will need to be postponed and will be followed up during the next quarter, including unfinished pre-assessments and analyses in several provinces and the implementation of round table meetings.

Annexes (attached separately):

1. LAPENKOP's Aceh Profile
2. The APDR3 Symposium
3. Pre-Assessments
4. Performance Summary
5. A Success Story
6. The Funding and Disaster Risk Insurance Symposium

LAPENKOP WILAYAH ACEH

CO-OPERATIVE AND SMALL ENTERPRISES SERVICES

VISION :

LAPENKOP BECOMES TRUSTFUL PARTNER toward SELF RELIANT COOPERATIVE MOVEMENT AND SMALL MEDIUM ENTERPRISE (SME's).

MISSION

- To improve Cooperative and **SME's** powerness through Education, Training and Facilitation.
- To liaise strengthening of Cooperative and **SME'S** network with stakeholders.

MOTTO

"Why Make It Difficult If We Can Make It Easy"

LEGAL BASIS

- President Decree No : 24/1999 about Approval Change of DEKOPIN Statutes and Bylaw.
- DEKOPIN Decree No : SKEP/10/DEKOPIN-E/III/2002 about Refinements Organization Guidelines, Tasks, and Work Procedure LAPENKOP DEKOPIN.
- DEKOPIN Wilayah Aceh Decree No : SKEP/001/DEKWIL-NAD/1/2006 about Placement / Appointment of Board LAPENKOPWIL Aceh

BACKGROUND

LAPENKOP establishment started from an awareness that the main problem faced by cooperative movement in Indonesia is a weak cooperative human resources. Therefore, a structured, systematic and sustainable cooperative education and training is a realistic way out. Initiate by that needs, LAPENKOP continuously watch cooperative world dynamic changes, where cooperative as economy and social power demand to build and develop themselves in order to fulfill the need specifically for the member and generally for the community. Depart from dynamic and continuously increase needs, LAPENKOP keep on develop themselves in order to keep following the dynamic need demand, so it is hope that the LAPENKOP existence could really become a trusty partner to make cooperative and UKM self-helpness become reality.

LAPENKOP Wilayah Aceh as part of DEKOPIN, is a network organization having main structure (LAPENKOP Nasional) extended network comprise of 30 provinces in all over Indonesia. LAPENKOP Wilayah Aceh established on 4 January 1999 (The fifth LAPENKOP Wilayah established in Indonesia).

Since the establishment until now, LAPENKOP Aceh has conducted many Cooperative empowerment facilitation through many kind of education and training, facilitation, seminar and workshop. Through the long journey, LAPENKOP Wilayah Aceh has built cooperation with cooperative movement, **SME's** and other business practitioner. Hard work done by LAPENKOP done far, has got a good appreciation of the many stakeholders especially from the government as cooperatives achievement at national level, provincial and district / city as a cooperative achievement.

Through a positif-impact program/services LAPENKOP has become a trusty institution for many parties either for cooperative movement itself, government or international NGO in assistance of cooperative development in Aceh. Starting from cooperative formation, cooperative running and cooperative empowerment facilitation through technical assistance, cooperative partnership with stakeholder, market survey (access market) up to cooperative capacity assessment.

OBJECTIVE

- To improve member participation in all aspects such as: capital contribution, business services utilization, participation in making decision, cooperative supervision, and bearing risk.
- To improve Cooperative and **SME'S** human resources professionalism.
- To improve cooperative and **SME'S** business scale.
- To Create facilitators as a future generation of cadres of the cooperative movement who are willing to work hard.

STRATEGY

- Develop an effective learning pattern and learning material, according to adult characteristic for easy to understand and easy to implement.
- Using Indonesia cooperative network optimally and independent to disseminate cooperative education and training program.
- Using competent and certified Facilitator and Trainer.
- Develop pilot cooperative and **SME'S** (*best practises*)

LEARNING MATERIAL AND MEDIUM

Learning Material and Medium considered as an important thing to be continuously develop to achieve expected activity result. Therefore in developing the modules LAPENKOP are using national standard in producing supporting medium such as books, leaflet and poster.

METHOD

Adult Education is the method using by LAPENKOP. Adult Education is one dicipline and art in helping adult to learn. The participant is actively involve in learning process because using multi-direction communication. The participant and facilitator are equal as learn object, therefor learning process will run interactively, so the participant and facilitator will act as resource person and on the other hand also act as learning person. Therefore the participant and facilitator could learn and teach each other. So, the activity process will become enthusiastic, motivated, and not easy boring.

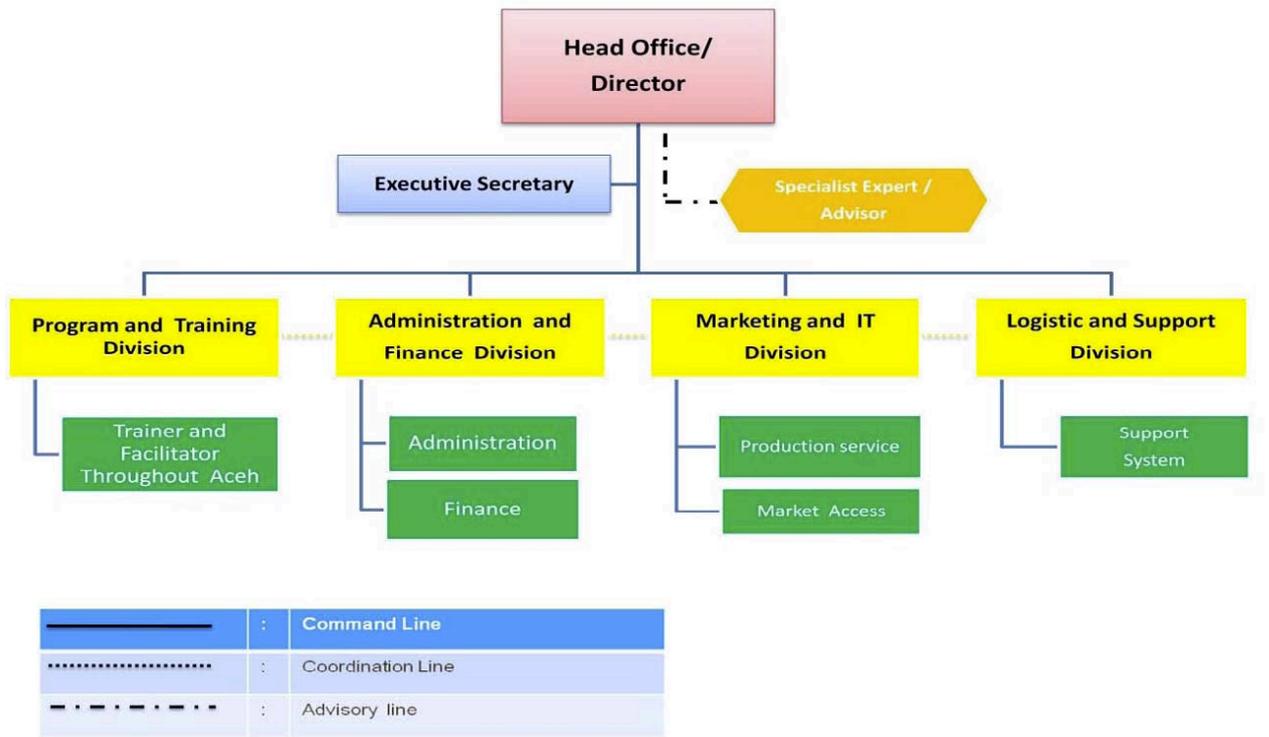
TECHNIQUE

Techniques to be used are: opinion sharing, group discussion, simulation, role play, out bond, case discussion, etc. Using these techniques is to minimize speech in order to increase active involvement of the participant in fresh circumstance, not boring and participative.

STAFF and LAPENKOP WILAYAH ACEH NETWORK

NAMES	POSITION
1. Muhammad Ikhsan	1. Head Of LAPENKOPWIL Aceh
2. Moh Faishol Khusni	2. Program and Training Manager
3. Azhari	3. Administration and Finance Manager
4. Mulyahardi	4. Marketing and IT
5. Khadijah	5. Executive Secretary
6. Yudi Iswadi	6. Logistic and Support
7. Syahrul	7. Operational Staff
8. Mukhlis	8. Operational Staff and Security
1. Dr. Wahjudin Sumpeno	1. Human Resources and Training Specialist
2. Setiawan Pandu	2. Financial Management Specialist
3. Agus Suheri	3. Cooperative and Small Enterprises Specialist
4. Dodi Dermawan	4. Business and Market Specialist
UMBER OF LAPENKOP DAERAH	
14 LAPENKOP DAERAH	
NUMBER OF CERTIFIED FACILITATOR	
97 person (distributed at all LAPENKOP Daerah)	
NUMBER OF PARTNER COOPERATIVE	
117 Cooperative in entire Aceh	

ORGANIZATION STRUCTURE (ORGANOGRAM)



🌸 SERVICES



The services provided by LAPENKOP are comprehensive intervention to develop the cooperative and SME's, starting from Education and Training, apprenticeship, management Consultancy, Mediation/facilitation, Incubation, Arrange Practical Modules, produced material training, etc. Program/services required by cooperative movement and SME'S. Description of LAPENKOP Program and Learning Materials are as follow:

No	COOPERATIVE	SME'S
	Member Education (I up to IV)	Small Business Management Training
	Board Education Theme : - Communication - Leadership - Cooperative Entrepreneur	Entrepreneur Training
	Supervisor Education (I up to II)	Marketing Management Training
	Cooperative Manager Education	Production Management Training
	Cooperative Manager Training	Production development Training
	Facilitator Training	Business Financial management Training
	Training of Trainer	Human resource Management Training
	Training of Statutes and Bylaw (AD/ART)	Fundraising Training
	Business and Technical Training	Business Plan Training
	Cooperative Entrepreneur Training	Business Bookkeeping Technical Training
	Business Cooperative Accountancy Training	Microfinance Training
	Microfinance Training	Microfinance Product Development
	Microfinance Product Development	Business Development consultancy
	Save-Loan Cooperative Accountancy Training	Market Access
	Producer Cooperative Accountancy Training	Value Chain Analysis
	Consumer Cooperative Accountancy Training	Workshop and Bisnis Meeting Facilitation
	Shariah Accountancy Training	Fundraising Facilitation
	Non-profit Accountancy Training	Business Lecturing (1 up to 3 months) 1. Entrepreneur 2. Business Management 3. Business Apprenticeship
	Retail Management Training – Assortment	
	Retail Management Training – Merchandising	
	Retail Management Training – Marketing	
	Retail Management Training – Personal Management	
	Retail Management Training	
	Retail Management Training – Security System	
	Save-loan Management Training	

	(Konvensional/Shariah)	
	Group Management Training (Self Helps Groups/SHGs)	
	Training of Information Technology & E-Commerce	
	Cooperative Capacity assessment Training	
	Cooperative Grading	
	Market Access	
	Value Chain Analysis	
	Cooperative In House Training (up to 3 months) 1. Cooperative Identity 2. Cooperative Management 3. Cooperative Technical Management	
	Cooperative Consultancy and Apprenticeship	
	Workshop and Bisnis Meeting facilitation	
	Cooperative SOP Preparation Facilitation	
	Cooperative development on Strategic Plan and Master Plan Facilitation	
	Fundraising facilitation	
	Information System Management (Software) - Save-Loan - Retail - Production - IT Base attendance	

COOPERATION PARTNER

While implementing the tasks, LAPENKOP build cooperation and works with:

1. Cooperative Movement and UKM practitioner
2. Government: Central government, province and district/municipality
3. Non government organization (NGO), local and international
4. Other strategic institution for the same direction and purposes

PREVIOUS COOPERATION COMMITTED

PROJECT NAME AND LOCATION	NAME OF PARTNER
Estbalishmeent, Training and Technical Asistance Coo-perative for UMCOR Benefeciries (Aceh Besar And Bireun District)	UMCOR'S Indonesia
Consultancy in Micro Entrepreneurship & Marketing Training	ACTED – Nias
Estbalishmeent, Training and Technical Asistance Coo-perative for UMCOR Benefeciries (Aceh Besar And Bireun District)	UMCOR'S Indonesia
Establishment and Training of Micro Finance Intitution Villages/Cooperatives in the Villages of Mercy Corps Progam in 40 (fourty) villages(Aceh Besar)	Mercy Corps
Finance Management and Bookeeping Training For Community Based Organization (CBO)(Bireuen)	Child Fund
Technical Asisitance for Harapan Mulia coop Specially Micro Finance (Aceh Barat)	World Vision Aceh Barat Area
Technical Asisitance for Putroe Aceh Coop Specially Micro Finance (Aceh Besar)	World Vision Aceh Besar Area
Intranet Tool and Instaling for 3 (three) MFI (Aceh Barat)	Mercy Corps Meulaboh
Product Development and Marketing Skill Training (Aceh Barat)	Mercy Corps Meulaboh
Micro Financial Institution Management Training (Aceh Barat)	Mercy Corps Meulaboh
Technical Assitance WOMENS COOPERATIVE SECONDARY 10 Month (August 2008 until May 2009)	IOM (International Organization for Migration)
Establishment Secondary Cooperative Women Program PUSKOPWAN Atjeh (Banda Aceh)	IOM
Advanced Accounting for 4 Regional Cooperative under international Organization for Migration (IOM)	IOM
Basic Accounting and Business Plan For Cooperatives under international Organization for Migration (IOM)	IOM
Training Board and members education for Benefisiries cooperative aid	Red Cross Singapore
Establishment and Technical Assistance for Exs Combatan GAM in Aceh Province	BRR Aceh – Nias
Cooperative Retail Development Project in Indonesia (Nanggroe Aceh Darussalam, Nusa Tenggara Barat, Nusa Tenggara Timur)	KF Project Swedia SCC (Swedish Cooperative Center)

Organizing Cooperative members training (Kabong, Krueng Sabe, Aceh Jaya)	IRC (International Rescue Committee)
Event organizer and fasilitator of business management training (Cot Trap, Teunom , Aceh Jaya)	IRC (International Rescue Committee)
Board Cooperative education training (Banda Aceh and Meulaboh)	IRC (International Rescue Committee)
Pilot Cooperative Project in Aceh (Banda Aceh, Aceh Besar, and Pidie)	ICA (International Cooperative Alliance)
Provide Trainers For Board Cooperative Training (Banda Aceh)	NCBA (National Cooperative Business Association)
Provide Trainers For Business Plan Training (3 Package) (Banda Aceh)	Psikodista
Provide Trainers For Business Plan and Small Business Training (1 Package)(Banda Aceh)	PUGAR
Brick Factory Livelihoods Recovery Program	AUSTCARE
Livelihood Community Project	AUSTCARE
Increasing Capacity Building Cooperative Movement Through Cooperative Education and Training	GOVERNMENT OF INDONESIA (APBN)
Etc	

ADDED VALUE PROPERTY

1. Since 1999, LAPENKOP has facilitate training, seminar, workshop for micro-business growth through LAPENKOP Daerah network in 23 (twenty three) district/municipality within Aceh province and continuously developing LAPENKOP Daerah (LAPENKOPda) role and existence in 14 district/municipality as work control center.
2. In terms of content: LAPENKOP applies a participatory approach and methods of mentoring and learning systems using national and international standardized modules adopted to local conditions in accordance with practical needs that arise in the field.
3. Human Resources: LAPENKOP has expertise in cooperative and SME development including business financial management, how to access markets. It can facilitate cooperative training and mentoring/coaching. LAPENKOP also has 97 certified facilitators of existing cooperatives in each district / city in the province. All of the facilitator is local native people who really understand context of their area.

4. Understanding of Acehnese context. Ability in understanding overall Aceh condition is one of success key of project implementation. It is undeniable that Aceh community has a specific unique and character, so that intervention pattern should be conducted according to these character, either in context of custom, local language, gender related and Aceh community condition that experiencing conflict situation and earthquake/tsunami greatest disaster.
5. Network and Partners: LAPENKOP has strategic relationships and close partnerships with governments, both at the national, provincial and district/ city levels. LAPENKOP also has strategic relationships in respect of empowerment of cooperatives with established businesses, banks, NGOs and other partners.
6. Handling Project.
Beside the capacity in facilitating training implementation facilitation, LAPENKOP also has experience in implementing project either conceptual, implementation and evaluation. The Project Management ability is really helpful for the success of all implemented projects.
7. Sustainability: As a local institution, LAPENKOP is very committed to the development of cooperatives in Aceh.

Annex 1: LAPENKOP's Aceh Profile

Attached separately.

Annex 2: The APDR3 Symposium

A visit by Asia Pacific Disaster Risk Reduction & Resilience (APDR3) conference's participants to Merapi Mulia cooperative

The main APDR3 conference was held on 13-14 June 2013, while the field trips were carried out between June 10 to 12 and ILFAD program was chosen to be one of the sites for APDR3 field visit. The participants included academicians, government representatives, private sectors and non-profit organizations' officials.

The conference highlighted the efforts of academics and local communities to put forward an approach to improve the communities' disaster resilience by combining scientific and local knowledge. The visit to Merapi Mulia cooperative in Sleman district on 10 June 2013 was part of the APDR3's field visit event. The team of ILFAD began the event with a presentation explaining the purpose and the program's principal activities, as well as impacts of the 2008 eruption of Mount Merapi on the local economy and microfinance institutions.

Mrs. Eni Susilandari, Chairman of Merapi Mulia cooperative, gave a presentation and discussed about DRR features for savings and loan products and the successes and challenges to date. The event followed into further discussion related to ILFAD program and DRR products features. Participants, including academics from the University of Hawaii and Islamic University of Indonesia, were very enthusiastic and asked questions and provided suggestions in order to strengthen the active role of APDR3 towards disaster resilience. Participants also met and discussed with two clients of Merapi Mulia of DRR savings products.



Q&A session about ILFAD program and DRR savings products at Merapi Mulia cooperative.

The first visit was to salak¹ field of Mr. Jumadi, who is a salak farmer and spends his time daily in the field with his wife. The second visit was to Mrs. Eko, who has a shop for school and office stationaries and provides photocopy service. From both visits, it was concluded that the reason for clients to choose DRR products was the result of awareness of post-disaster financial needs at an affordable deposits rate and amount collected by officers directly from their houses or their businesses.

The visit came to an end at around 16.30 in the afternoon and participants thanked Mrs. Eni profusely, as well as to the visited customers and Mercy Corps/ILFAD Manager for facilitating the event.

¹ Salak = snake fruit

Annex 3: Pre-Assessments

West Nusa Tenggara Pre-Assessment, 1 - 5 April 2013: West Nusa Tenggara is an archipelago with 20,153.15 km² in area, consisting of two main islands, Lombok and Sumbawa Island. The two active volcanoes are: Rinjani Mountain in Lombok and Tambora Mountain in Sumbawa Island. West Nusa Tenggara has further disadvantages due to its geographic location being close to earthquake fault lines and affected by southeast winds from Australia. Hence, West Nusa Tenggara is a disaster-prone area that is periodically threatened by drought, prolonged dry seasons, landslides and tsunamis. Based on the information collected during initial assessments, ILFAD's working area will cover the North Lombok district, West Lombok and East Lombok.

East Nusa Tenggara Pre-Assessment, 1-6 April 2013: East Nusa Tenggara is an archipelago with 48,718.10 km² in area, consists of 560 islands, with three of them being main islands: Flores, Sumba and West Timor. Eleven active volcanoes in the area include Ine Like Mountain, Ubu Lobo, Uya, Kelimutu, Roka Tenda, Lewo Tobi (Male), Lewo Tobi (Female), Lera Boleng, Ile Boleng, Ile Lewotolo and Ile Werung. The province of East Nusa Tenggara is located in Indo-Australian plates causing the area prone to earthquakes along with tsunamis. Other than geological threats, the area is also very arid due to its close location to Australia. Rain fronts brought by winds from Asia to the Pacific Ocean often dissipate before arriving at East Nusa Tenggara, so the area experiences fewer rainy days than other areas located closer to Asia. Based on the information collected during initial assessments, ILFAD's target area will cover Flores Island's Sikka and Ende districts.

East Java Pre-Assessment, 22 - 26 May 2013: East Java can be divided into three zones: the south (plato), central (volcanoes), and north (folds) zones. Volcanoes range in its central area (19 mountains including Gunung Kelud, Gunung Bromo and Gunung Semeru), and its two main rivers the Brantas and Bengawan Solo. Based on the information gathered and geographical location of the area, common natural hazards in the area include floods, earthquakes, volcanoes and tsunamis. The target district and beneficiary population will be determined during the next quarter.

Aceh Pre-Assessment, 27 - 31 May 2013: Aceh is the westernmost province in Sumatra with 57,365.57 km² in area. Earthquakes, tsunamis, volcanoes and landslides often strike the area. The West coastal area and south Aceh are prone to tectonic earthquakes which are concentrated in the ocean and can cause tsunamis. Other earthquake-prone areas include Patahan (fault) Semangko that cuts through the central part of Aceh in line with Bukit Barisan. Patahan Semangko also has small faults scattered in some areas in North and South Aceh such as Patahan Loko-Kutacane, Patahan Blangkejeren-Mamas, Patahan Kla-Alas, Patahan Reunget-Blangkejeren, Patahan Anu-Batee, Patahan Samalanga-Sipopoh, Patahan Banda Aceh-Anu, and Patahan Lamteuba-Baro. Areas crossed by Patahan Semangko are also prone to landslides, hence the surrounding areas need precise slope cuttings and road constructions. Type A active volcanoes in Aceh include Seulawah Agam in Aceh Besar, Peut Sago di Pidie and Burni Telong in Central Aceh. The three volcanoes have observer stations to continuously monitor their situations, which coordinate with local government. Should there be a volcanic earthquake or eruption caused by the movement of magma, it will only be felt by people surrounding the volcanic mountains.

Annex 4: Performance Summary

Sector #1 Economic Recovery/ Market System				
Beneficiaries targeted	90 MFIs, 270,000 direct individuals; 1,350,000 indirect			
IDP Beneficiaries Targeted	135,000 individuals			
Beneficiaries reached	0			
Geographic area	Aceh, North Sumatera, West Sumatera; West Java, DKI Jakarta, Yogyakarta, Central Java, East Java; West Nusa Tenggara, East Nusa Tenggara, Maluku			
Sub-Sector 1.1.: Microfinance Institutions (MFIs)				
Objective 1: providing emergency financial service to disaster affected clients				
Indikator	Baseline	Target	Progress to Date	Date
#of disaster affected households replacing household and livelihood assets using loans and savings from MFIs benefiting from the ILFAD	N/A	135,000	Nil	Will be determined
#of MFI clients in disaster-prone areas reached with new post-disaster loan products	N/A	Will be determined	Nil	Will be determined
#of MFIs receiving time-deposits	N/A	36	Nil	Will be determined
#of new specialized products offered for emergency recovery	N/A	9	6	February 2013
#of MFIs trained on disaster risk reduction and recovery practices	N/A	90	39	June 2012
% progress toward full capitalization of the Emergency Liquidity Facility Indonesia	N/A	50%	> 100% \$2,000,000	31 st March, 2013

Sector Summary:**Indicator Progress Update****#of disaster affected households replacing household and livelihood assets using loans and savings from MFIs benefiting from the ILFAD**

- This indicator has no progress to report because no disaster occurred in the project areas.

#of MFI clients in disaster-prone areas reached with new post-disaster loan products

- This indicator has no progress to report because no disaster occurred in the project areas.

#of MFIs receiving time-deposits

- This indicator has no progress to report because no disaster occurred in the project areas.

#of new specialized products offered for emergency recovery

- This indicator has no progress to report.

#of MFIs trained on disaster risk reduction and recovery practices

- To date, there are 39 MFIs trained on disaster risk reduction.

#% progress toward full capitalization of the Emergency Liquidity Facility Indonesia

This indicator was fully achieved in Phase 1, ILFAD plan is to increase it in Phase 2

Annex 5: A Success Story

Mr. Jumadi is a local residence who lives on the mountainside of Merapi in the village of Girikerto, Sleman, Yogyakarta. He was born on 5 March 1943. He has been helping his parents, who were also farmers, in their salak field since he was a child. He is now 70 years old and still actively working in the field and relies on produce obtained from the harvest, as many as 3 to 4 times a year. Mr. Jumadi had once worked as an administrative officer at a public junior high school. However, during his spare times then in the morning or afternoon, Mr. Jumadi had always and actively worked at his salak field.

When Mount Merapi's volcano erupted in 2010, all Gilikerto's villagers along with Mr. Jumadi and



Mr. Jumadi answering questions from APDR3 participants, in his salak field.

his family were forced to evacuate to a safer place. They reluctantly left their houses and furniture, along with their salak fields, which was the main source of family's income. Fortunately, the eruption occurred when the harvest period was coming to an end, hence the loss realized was minimal. Living in a camp for displaced people was far from comfortable, and the family had to rely on other people's mercy while not much work can be done to get an income, at the time. The uncomfortable situation and the need for money was getting stronger and led to Mr. Jumadi along with some other villagers determined to go to their salak field once in a week. They cleaned their fields from the volcanic ashes and harvested the leftover salak and managed to sell it in the

market.

Those difficult moments and the need of cash have been passed behind him, although Mr. Jumadi is still living with the memories. When Merapi Mulia launched the disaster preparedness savings products, Mr. Jumadi along with numbers of villagers were excited and registered themselves to open an account. Mr. Jumadi believes that this kind of savings product is one of solutions that he needs, should another volcanic eruption occur. Since October 2012, Mr. Jumadi has been a customer of the savings product and his balance has reached IDR 2,400,000.00. He and other farmers are very happy with the service and with deposits being picked up by the Cooperative officials once or twice per week; they find it very convenient. Although the savings product does not pay interest and could only be able to be withdrawn when there's a disaster, it gives him a peace of mind knowing that he can use the savings to get a mortgage when he needs a business capital. Mr. Jumadi is very optimistic that he can stay on his homeland in the village of Girikerto because he has now prepared for when disaster strikes.

Annex 6: The Funding and Disaster Risk Insurance Symposium

Funding and Disaster Risk Insurance Symposium: On 15-16 April 2013, the ILFAD Program Manager was invited to be a keynote speaker at the symposium, Funding and Disaster Risk Insurance, held by the International Organization for Migration (IOM). The symposium was a continuing event of the Yogya Declaration, made up of seven recommendations from the Asian Ministerial Conference for Disaster Risk Reduction V (AMCDRR) held in Yogyakarta on 22-25 October 2012. The three major recommendations that were relevant to the symposium objectives are:

Point 2 - Assessments of local financial risks

Point 3 - Strengthening local risk management and partnership

Point 4 - Building community resilience

Representatives attended the event were mostly from IOM, UNDP and FAO, Yogyakarta's DRR Forum, BPBD Yogyakarta (regional disaster management agency), BPBD Sleman, the Technical Support Team of REKOMPAK (Community Based Rehabilitation and Reconstruction of Society) and FAO as well as insurance companies. Other than the ILFAD Program Manager, speakers included representatives from the Small Business Group, National Disaster Prevention Agency (BNPB), National Development Planning Agency (Bappenas), the World Bank, and ACA Insurance. The ILFAD presentation focused on program objectives and activities, donor acknowledgement and the budget for implementation in nine provinces. The speaker answered various questions regarding selection criteria for MFIs, DRR savings and loan products that have been developed and their features, as well as future program activities. Some great ideas came up such as collaborating with BNPB within the scope of the "Desa Tangguh" program, and with the World Bank and ACA Insurance in developing micro insurance products covering natural hazard risks.