# SUPPORT FOR PEACEFUL DEMOCRATIZATION

# FINAL REPORT

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**USAID Contract Number: DOT-I-03-800-00004-00**
**Task Order Number: 800, Under the SWIFT II IQC**

**Development Alternatives, Inc. (DAI)**
**Support for Peaceful Democratization in Indonesia (SPD)**
USAID Contract No. DOT-I-03-800-00004-00
Task Order No. 800, Under the SWIFT II IQC

**Final Report**
**1 August 2004 to 30 April 2008**

Contents

## ACRONYMS

ACEO . . . . . . Aceh Community Engagement and Ownership Intiative
ARF . . . . . . . . Aceh Recovery Forum
Bappeda . . . . . Badan Perencanaan dan Pembangunan Daerah
Bappenas . . . . Badan Perencanaan dan Pembangunan Nasional
BQPM . . . . . . Baitul Qiradh Pemuda Muhammadiyah
BRR . . . . . . . . Badan Rehabilitasi dan Rekonstruksi
BRA . . . . . . . . Badan Reintegrasi Aceh
CACD . . . . . . Cepu Area Community Development
CAP . . . . . . . . Community Action Plans
CSO . . . . . . . . Civil Society Organization
CBR . . . . . . . . Community Based Recovery
CDP . . . . . . . . Community Development Program
COP . . . . . . . . Chief of Party
COPI . . . . . . . ConocoPhillips Indonesia
CTO . . . . . . . Cognizant Technical Officer
DAI . . . . . . . . Development Alternatives, Incorporated
DART . . . . . . Disaster Assistance and Rescue Team
DCOP . . . . . . Deputy Chief of Party
DDR . . . . . . . Disarmament, Demobilization and Reintegration
EWERS . . . . . Early Warning and Early Response System
GAM . . . . . . . Gerakan Aceh Merdeka
GIS . . . . . . . . . Geographic Information System
GOBATS . . . . GoI Off Budget Tracking System
GoI . . . . . . . . . Government of Indonesia
INSEP . . . . . . Indonesian Institute for Society Empowerment
IOM . . . . . . . . International Organization on Migration
IRD . . . . . . . . International Research and Development
KDP . . . . . . . . Kecematan Development Program
KPA . . . . . . . . Komite Keperalihan Aceh
LGSP . . . . . . . Local Government Support Program
LPMP . . . . . . . Lembaga Pengembangan Masyarakat Partisipatif
M&E . . . . . . . Monitoring and Evaluation
MCL . . . . . . . . Mobil Cepu Limited
MICRA . . . . . Microfinance Innovation Center for Resources and Alternatives
MoU . . . . . . . Memorandum of Understanding
NGO . . . . . . . Non Governmental Organization
PNM . . . . . . . Permodalan Nasional Madani
RTI . . . . . . . . . Research Triangle Institute
SPD . . . . . . . . Support for Peaceful Democratization
SO . . . . . . . . . Strategic Objective
SWIFT II . . . . Support Which Implements Fast Transition
TAF . . . . . . . . The Asia Foundation
TNI . . . . . . . . Tentara Nasional Indonesia
UN . . . . . . . . . United Nations
UNDP . . . . . . United Nations Development Program
USAID . . . . . . United States Agency for International Development

# 1. Introduction

Indonesia has experienced tremendous political, economic and social change since the end of authoritarian rule in 1998. The country now enjoys one of Asia's most pluralist and critical media and has held internationally accepted general elections in 1999 and 2004. The transition from authoritarianism to democracy has not been free of serious complications and setbacks, however. One of the most disturbing effects of the breakdown of repressive state control has been the eruption of communal and separatist violence in many areas of the archipelago. Bottled-up and nurtured by decades of authoritarian rule, tensions between religious, ethnic and other social groups have come to the surface and plagued Indonesia.

The United States Agency for International Development (USAID) Support for Peaceful Democratization Program (SPD) was implemented by Development Alternatives, Inc. (DAI) under the Support Which Implements Fast Transition II (SWIFT II) IQC. This program assisted local organizations in their work to address violent conflict across Indonesia. While a range of conflicts affect every society, SPD addressed violent conflicts between groups with incompatible interests regarding the distribution of resources, control of power and participation in political decision making, identity, status, or values. SPD support was rapid and flexible, addressing urgent needs and overarching causes of conflict.

## 1.1. Approach

The overall goal of SPD was to develop a sustainable institutional capacity for building peace and resolving conflict throughout Indonesia. Using participatory processes, SPD strived to achieve this goal through activities in five thematic areas that supported and strengthened civil society and public institutions:

- Training to enhance understanding about and facilitate analysis of the underlying causes and consequences of local conflicts, and technical capacity to implement conflict resolution approaches;
- Skills development for initiatives aiming to establish democratically controlled, impartial and professional security forces;
- Building peace and resolving conflicts through sustainable livelihoods initiatives in conflict-affected areas;
- Capacity building through direct involvement in the drafting and monitoring of the implementation of relevant legislation in vulnerable and conflict-affected areas; and
- Emergency assistance for persons directly affected by violent conflict.

## 1.2. Success through Partnerships

Achieving measurable success in developing foundations for peace is difficult, and requires partnerships with numerous organizations, including Non Governmental Organizations (NGOs), public institutions, voluntary and self-help groups, research organizations, co-operatives, the media and community-based organizations. SPD actively sought partners to work with in these areas, particularly Indonesian civil society organizations and public institutions.

# 2. Start-up Tasks and Deliverables

During the first weeks of the contract, DAI staff members were engaged in the preparation and delivery of Pre-Deployment Phase and Operational Set-up Phase Deliverables, some of which were:

- Personnel Manual consistent with DAI's institutional policies, USAID and US Embassy policies, and the labor code of the Republic of Indonesia;
- Grants Implementation Guide and systems that included in-kind, cash advance and cash procedures that complied with USAID policies and procedures;
- Grantee Handbook, in English and Bahasa Indonesia, for dissemination to grantees, with information on grant implementation, payment methods, and submission of vouchers;
- A grant database with geographic information system (GIS) capability for mapping grants was a particularly important deliverable developed during the first months of the contract.; and
- A database that featured: [1] the availability of the dataset on the internet; [2] a place to store and discuss new "ideas" for projects that had not been presented as proposals; [3] grant links to the USAID/Indonesia SOs, IRs and cross-cutting themes; [4] grant links to SPD framework purpose and components; and grant output tracking according to SPD indicator data (disaggregated by gender).

## 2.1. SPD Framework

A great amount of time and effort was put into developing the SPD Program Results Framework, starting with the team-building and strategy session held on 11-12 August 2004. The Cognizant Technical Officer (CTO), Chief of Party (COP), Deputy Chief of Party (DCOP), Program Development Specialists and Grants Managers led the formulation of the Framework and associated monitoring and assessment indicators. The Program Results Framework Working Group discussed and wrote the program purpose, components and sub-components and a Monitoring and Assessment Working Group developed output indicators and guideline questions for impact assessments.

While events—such as the December 2004 earthquake and tsunami—took the SPD Program in directions that could not have been foreseen at its outset, the Program Framework remained relevant and useful in guiding program decision making. Associated monitoring and assessment indicators and methods proved effective in providing SPD managers with information useful in measuring progress and achievements during the contract period. The information presented in this report flows from data collection and analysis efforts that were grounded in the Framework and its indicators.

Periodic impact assessments were but one of the important methods used to gauge program achievement and ensure activities were relevant and appropriate. Impact assessments and discussion of their findings were an integral part of SPD operations. Properly done, they uncovered information and identified alternatives that facilitated better decision making, and helped SPD managers and project stakeholders learn from their successes and mistakes. Impact assessments helped illuminate the success of SPD and its initiatives in relation to their objectives, and the extent to which intended beneficiaries really benefited. They also provided a check on the overuse of program resources and helped managers improve their work through the dissemination of information about project experience and outcome.

Impact assessments were a positive experience, providing information that was used to ensure SPD worked in accordance with its goals and objectives. By encouraging reflection and observation, assessments helped SPD maintain focus on its larger objectives—the "big picture"— and helped ensure that its actions and beliefs were in line with reality.

**Figure 1. USAID SPD Program Framework**
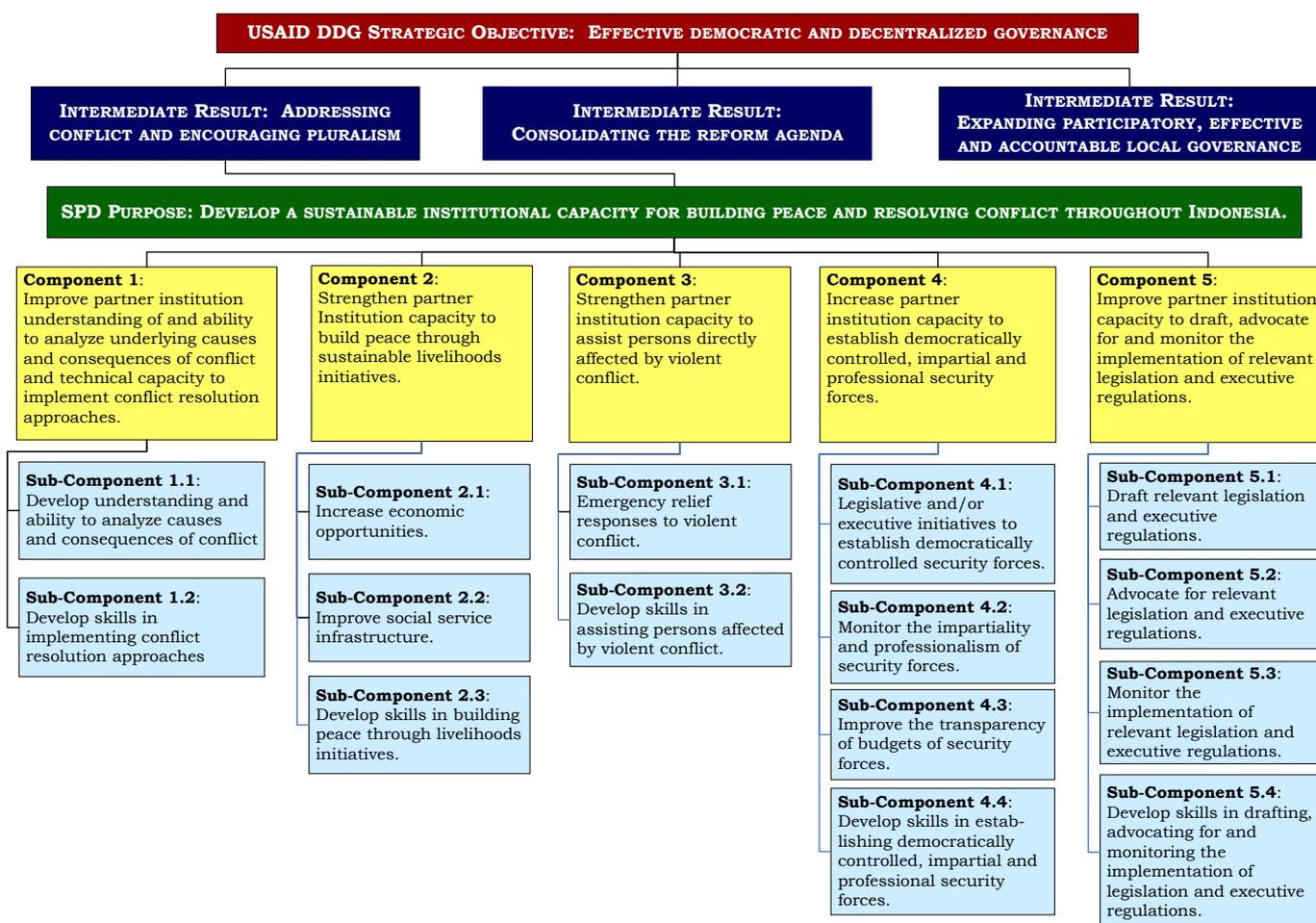


Sources of information for impact assessments included: interim and final grant award project reports; interviews and focus group discussions with grantees, beneficiaries, and other project participants (e.g., local government officials, educators, health care providers); community or group self-surveys; and descriptive accounts of important incidents, actions and meetings. The Monitoring and Evaluation (M&E) manager ensured that impact assessments were conducted periodically and appropriately, given the focus and type of initiative, using standard SPD methods and procedures.

SPD initiated activities with and awarded grants to a broad range of organizations in each of the thematic areas in the Framework. As a result of the December 2004 earthquake and tsunami in Aceh and the opportunities presented there by the signing of the peace Memorandum of Understanding (MoU) between the Government of Indonesia (GoI) and Gerakan Aceh Merdeka (GAM), SPD awarded the majority of its grants to organizations in Aceh for work under Component 2 of the Framework. Table 1 presents summary information on grant awards across all Framework Components.

**Table 1. USAID SPD Grant Output Overview by Framework Component**

| Component | Beneficiaries | | | Training Participants | | | CSOs Supported | Public Institutions Supported | Grant Awards |
|---|---|---|---|---|---|---|---|---|---|
| | Female | Male | Total | Female | Male | Total | | | |
| 1. Improve partner institution understanding of and ability to analyze underlying causes and consequences of conflict and technical capacity to implement conflict resolution approaches | 2,516 | 2,521 | 5,037 | 562 | 819 | 1,382 | 16 | 13 | 18 |
| 2. Strengthen partner institution capacity to build peace through sustainable livelihoods initiatives | 209,410 | 223,520 | 432,930 | 2,406 | 4,661 | 7,073 | 511 | 90 | 555 |
| 3. Strengthen partner institution capacity to assist persons directly affected by violent conflict | 169,921 | 170,256 | 340,177 | 0 | 0 | 0 | 38 | 1 | 36 |
| 4. Increase partner institution capacity to establish democratically controlled, impartial and professional security forces | 500 | 542 | 1,042 | 1 | 22 | 23 | 4 | 3 | 4 |
| 5. Improve partner institution capacity to draft, advocate for and monitor the implementation of relevant legislation and executive regulations | 3,484 | 5,350 | 8,834 | 16 | 502 | 518 | 58 | 16 | 53 |
| **Total** | **385,831** | **402,189** | **788,020** | **2,985** | **6,004** | **8,996** | **627** | **123** | **666** |

Note: The figures presented here include some "double counting" of individuals and organizations. For example, residents of villages participating in the Community Based Recovery (CBR) initiative received four grants each on average. Due to methods of calculation used above, each person residing in these communities may have been counted as a beneficiary four times. In other words, the beneficiary count in this table does not represent unique individuals (similarly, the CSO and Public Institution count does not represent unique organizations).

## 2.2. Initial Field Assessments and Strategy Development

As the SPD team finalized the Program Results Framework and indicators, the CTO, COP, DCOP, and Program Development Specialists prepared to implement a series of field assessments in regions where DAI had implemented conflict mitigation programs in the past—Aceh, North Sumatra, Central Sulawesi, Maluku and Papua. Visits to each region were followed by presentations of findings by assessment leaders to the strategy development team.

Strategy development efforts were overtaken by the December 2004 earthquake and tsunami that struck Aceh and North Sumatra Provinces. While the information collected during these assessments remained relevant and useful, new information was required to develop subsequent program strategies and approaches for these areas.

## 2.3. Aceh—Pre-Earthquake and Tsunami (26 December 2004)

As the SPD program got under way in August 2004, the Government had downgraded the security status of Aceh from Martial Law to Civilian Emergency. The Government scheduled a review of the Civilian Emergency status for the middle of November, after the first democratic direct election for president. Also, the governor of the province, Abdullah Puteh, was shortly to be prosecuted on charges of corruption, a welcome development for many in Aceh and Jakarta. As these events unfolded, tensions slowly diminished, giving hope for change and positive developments.

At the same time, the incoming US Ambassador to Indonesia, B. Lynn Pascoe, brought with him a belief that there were opportunities to promote peaceful dialogue, development, and improved human rights while maintaining the territorial integrity of Indonesia. With USAID funds earmarked for Aceh valued at $1.8 million, SPD prepared initiatives that aimed to promote better relations between civil society and the new administration.

By the end of November, President Yudhoyono had been sworn in and a tentative feeling of hope was in the air, yet there was no re-evaluation of the Civilian Emergency status in Aceh. Meetings in early December with local government and security officials and civil society leaders were useful in refining SPD plans and approaches. This work, however, was put on hold by the 26 December 2004 earthquake and tsunami, which totally changed the conflict and political environment in Aceh.

Because of both the opportunities afforded by the ongoing peace process as well as the disastrous earthquake and tsunami, SPD spent the great majority of its time and resources on Aceh. In light of the peace process, a particular focus was placed on helping communities and government agencies move away from the lack of trust and hostility that characterized their relationship to a more constructive and purposeful one. The 2004 earthquake and tsunami created a dire need for humanitarian and reconstruction response, which DAI assisted through short- and medium-term activities described in greater detail below.

## 2.3.1. Aceh Earthquake and Tsunami Disaster Response

The earthquake and ensuing tsunami on Sunday, 26 December caused unimaginable destruction and human suffering across much of Aceh and North Sumatra Provinces. Communication and transportation infrastructure were heavily damaged, slowing the initial spread of news of the disaster. As the world community began to comprehend the magnitude of the destruction, SPD prepared to implement relief initiatives.

On December 28, as the number of victims rose significantly above early estimates and the depth of the destruction became clearer, USAID announced that it would provide immediate assistance through the World Food Programme, the Indonesian Red Cross, and local and international

NGOs. SPD took the lead in channeling funds through grants to partners to jump-start relief efforts.

Putting together information from local partners with contacts in the disaster area and from news reports, SPD developed a list of unmet needs and bottle-necks that needed to be cleared in the first days of the crisis. With years of program experience in Aceh, the SPD team understood the challenges that a large-scale relief operation would face, and planned interventions accordingly. Partners with expertise in emergency response and the capacity to act quickly were contacted. In the following days, six grants valued at almost $790,000 were awarded:

- International Organization on Migration (IOM) ($207,818) to establish a land bridge between Banda Aceh and Medan. IOM trucks brought the first significant medical supplies, water, food and non-food items to tsunami-affected communities.
- Mercy Corps ($241,979) for emergency shelter and household items, health supplies and services, water purification materials, material to reconstruct water and sanitation facilities, food, trauma counseling and access to other basic services.
- International Research and Developmetn (IRD) ($99,529) for emergency shelter materials and foodstuffs, including over 3,500 boxes of ready-to-eat cookies, biscuits and wafers. IRD, in coordination with US military assets, reached at-risk populations in Banda Aceh and devastated areas along the western coast.
- CARDI ($69,561) to deploy an emergency response team comprised of health, environmental health, distribution and child protection experts to conduct rapid assessments and establish emergency services.
- CARE ($88,909) to treat contaminated water with locally-produced sodium hypochlorite solution, procure jerry cans and buckets and train NGOs in water purification and distribution.
- Nurani Dunia ($81,948) for generators, communication equipment, clothes and shelter material, and the organization of the Jakarta-based domestic disaster relief effort.

SPD also provided logistical and procurement services to other Embassy/Mission response initiatives in Jakarta, Medan and Aceh. For example, project funds were used to purchase communications equipment, including satellite phones—some sent to Banda Aceh on the day after the earthquake and used by local partners to provide early reports on the situation. As the primary support mechanism for the Disaster Assistance and Rescue Team (DART), SPD provided loading equipment, transport vehicles, fuel and humanitarian supplies in Jakarta. In Medan, SPD quickly sourced and delivered field vehicles to the DART operation center in Aceh, along with cold-chain freezers for medical storage and distribution. SPD also located, negotiated and quickly signed a lease for the house DART used as an operation center in Banda Aceh, including fully furnished eating and sleeping quarters and other amenities.

As the international response gathered pace, SPD began to shift focus to assisting NGOs with strong operational capacity to distribute and monitor the use of USAID-funded relief supplies. The immediate aim was to fund short- to near-term responses, and to broaden the base of NGOs working with USAID to alleviate the suffering resulting from this disaster. At the same time, SPD explored options for mid-term support to the most-affected areas. During the early phase of the relief effort SPD supported initiatives in three broad thematic areas:

- General support to Embassy and Mission-wide initiatives in Aceh Province;
- Equipment support to government agencies and select local civil society organizations to re-establish their ability to deliver essential services to communities across the province; and
- Temporary employment activities—"cash-for-work"—which aimed to clear debris, and open market and transportation facilities.

Due to the physical destruction caused by the tsunami and the severe impact the disaster had on employment in the region, most SPD human and financial resources supported cash-for-work initiatives. These activities helped return targeted areas to a more normal state, reducing the hazard of disease and illness and generating quick cash income for thousands of people. It catalyzed the process of reconstruction, reduced frustration and instilled in affected populations a sense that progress was being made to restore their lives and communities—lack of visible progress would have stirred discontent and could possibly have lead to violence.

By the end of January, SPD had awarded grants to five organizations valued at more than $1 million, with another 10 grant awards valued at approximately $2 million in the pipeline. More than 20,000 workers were be employed by these grants, generating 500,000 person-days of labor and putting $2.1 million into the hands of disaster-affected persons (an average daily wage of $4). Examples of the funded initiatives include:

- Mercy Corps ($749,011) employed an estimated 16,000 people and generated an estimated 288,000 person-days of labor in Banda Aceh and Meulaboh. Public infrastructure, villages and roads rehabilitated.
- Pemuda Muhammadiyah ($75,045) cleaned and rehabilitated public schools. Working closely with the Department of Education and other local organizations, Pemuda Muhammadiyah rehabilitated more than 12 schools prior to the opening day of schools at the end of January.
- Rumpun Bambu ($65,466) employed 512 people in 13 coastal communities to clean villages.
- Panglima Laot ($114,850) employed 1,980 people to clean and rehabilitate village and agricultural land in Banda Aceh, Aceh Besar, Aceh Jaya and Aceh Barat. This project was among the first to work with communities in the heavily affected areas along the west coast.

As these projects moved to completion, and Aceh began to address mid-term recovery requirements, SPD became increasingly engaged with local communities, civil society organizations and government agencies to assess and respond to opportunities as they arose.

### 2.3.2. GoI Off-Budget Aid Tracking System (GOBATS)

In February 2004, USAID decided to help build Government of Indonesia (GoI) capacity to track off-budget donor and NGO reconstruction activities in Aceh and North Sumatra. This was done by providing Bappenas (National Planning Agency) with a user-friendly data management system that enhanced accountability and transparency of reconstruction funding. USAID turned to DAI to accomplish this task.

The GoI Off-Budget Aid Tracking System (GOBATS) was a collaborative effort between the World Bank, United National Development Program (UNDP), Bappenas and USAID to create an officially recognized database and website for tracking donor and NGO reconstruction activities. SPD's task was to create the off-budget component of the E-Aceh website and underlying data processing system (the World Bank was to complete on-budget components). DAI specialists built the database, data entry screens, reporting screens and data interface to the E-Aceh system for all off-budget projects, activities, expenditures, contracts and impact data.

Deliverables under this initiative included:

- An off-budget database, applications and interfaces necessary to capture content and data entry;
- The interface to the E-Aceh system in accordance with World Bank requirements;
- Data collection methodology and recommendations on staff requirements;

- Delivery of the system to Bappenas and review to ensure they were prepared to support the database and applications; and
- A proposed Geographical Information Systems (GIS) approach.

After designing the system, DAI entered all SPD and Environmental Services Program (ESP) (also implemented by DAI)relief and reconstruction data into GOBATS and began work with USAID to enter data on other USAID-funded activities. On 12 April 2005, DAI installed the database and applications for Bappenas, and began testing the system with the support of DAI staff in Vietnam, Japan, Iraq, Afghanistan, and the US. At the same time, DAI completed technical training for Bappenas programmers on system support, reports, and links to the website and training for content managers on data entry and system functionality.

DAI-SPD presented the system to a large group of partners and stakeholders on 15 April. Persons attending the presentation included: Jon Linborg (Deputy Mission Director), Larry Meserve, Jim Lehman, John Packer, and Danumurthi Mahendra from USAID; Ruth Hall from the US Embassy; representatives from AusAid, UNDP, and The World Bank; Pak Sujana, the Chairman of the Aceh Reconstruction Secretariat; representatives from the GoI and Bappenas; and representatives from McKinsey & Company. (For more information on this initiative, please refer to the report: "Technical Assistance to Bappenas: Development of the GoI Off-Budget Aid Tracking System (GOBATS)", 22 April 2005.)

### 2.3.3 Aceh Disaster Response: Equipment and Operational Support

In addition to supporting the rehabilitation of damaged infrastructure and the cleaning of villages, SPD also provided significant equipment and operational assistance to Government of Indonesia angencies and local NGOs involved in relief and recovery initiatives. Eight grants, valued at over $325,000, were awarded in support of local response efforts.

As immediate relief activities moved to completion, USAID began to address mid-term recovery needs. Assistance was provided to provincial government offices and facilities directly affected by the disaster to help reestablish essential services to affected communities. SPD funded 16 initiatives valued at $782,000 that provided equipment used by more than 3,000 government employees. Grant funding was used to purchase furniture and office equipment for key government departments and municipality offices, including the Social Department, BAPPEDA (Regional Planning Board), the Department of Industry and Trade, the Department of Cities and Villages, the Department of Health, the Department of Education and the National Land Agency. This work was designed and implemented in cooperation with other USAID SO teams, which focused on developing human resource capacity in these same government agencies.

### 3. Aceh Disaster Response: Community-Based Recovery Initiative

### 3.1. Background

In March 2005, SPD began to work directly with disaster-affected communities on long-term recovery through the Community-Based Recovery Initiative (CBR). This initiative focused on strengthening civil society at the village level through efforts to rehabilitate and rebuild communities affected by the tsunami. The strategy

| Major CBR Grant Outputs | |
| --- | --- |
| Community Centers | 100 |
| Village Offices | 57 |
| Recreation Facilities | 65 |
| Irrigation Canals Cleaned | 66.5 km |
| Drainage Ditches Cleaned | 52 km |
| Village Area Cleaned | 1,090 ha |
| Agriculture Land Cleaned | 4,657 ha |
| Tree Seedlings | 112,380 |
| Person-days Labor | 448,467 |
| Workers Employed | 16,449 |
| Cash/Food Payment | $1,829,597 |

comprised three key elements: ensuring community participation in all aspects of the recovery process; encouraging partnership between communities and local government in this endeavor; and achieving measurable livelihood improvement[1].

The objective of CBR was to *empower civil society by building their capacity and capability to determine, plan, implement and manage the rehabilitation of their communities effectively and efficiently*. Recognizing the environment in Aceh, and the SPD Program mandate to develop sustainable capacity for building peace and resolving conflict, the Initiative sought to ensure that its activities did "double duty"— that is, empower civil society through recovery initiatives that lead to measurable improvement in target communities *and* build foundations for the peaceful resolution of disputes.

Major results of the program include:

- Substantial and sustainable improvement in livelihoods in target communities;
- Good governance[2] practiced and nurtured in target communities; and
- A process for integrated, community-driven recovery and development that can be adopted and adapted in other areas of Aceh.

56 communities, with a total population of more than 35,000 persons (about eight percent of the estimated total tsunami-affected population), participated in this initiative.

### 3.1.1. CBR Entry Grants

The first grants provided to CBR communities were entitled "Entry Grants". These grants jump-started village recovery activities and, in doing so, drew people back to their communities. By encouraging people to return to their villages, broader discussions on short-term recovery activities could take place.

SPD awarded 51 Entry Grants valued at more than $1.366 million to CBR communities. These grants supported short-term employment generation, mainly using cash-for-work employment to clean villages, remove debris from rice fields and irrigation canals, and construct community meeting and activity centers.

| CBR Entry Grant Outputs | |
|---|---|
| Community Center | 8 |
| Village Office | 3 |
| Recreation Facility | 3 |
| Irrigation Canal Cleaned | 33 km |
| Drainage Ditch Cleaned | 25.9 km |
| Village Area Cleaned | 1,065 ha |
| Agriculture Land Cleaned | 1,453 ha |
| Agriculture Land Prep. (fencing) | 8,419 m |
| Person-days Labor | 197,254 |
| Workers Employed | 8,639 (29% female) |
| Cash/Food Payment | $728,000 |

Nearly 200,000 person-days of labor were created and nearly $728,000 was paid to workers through these activities. An important output was the clearing of 1,453 hectares of rice land, fields that could be planted in the future and harvest an estimated 6,020 tons valued at more than $1.35 million, enabling thousands of people to move from dependency on relief supplies of rice to self reliance.

While Entry Grant activities provided income and employment opportunities, they also built hope for a better future and provided a foundation for subsequent activities in these and other communities. In mid-2005, SPD held meetings with roughly half of the CBR communities to hear and record beneficiaries' perceptions on Entry Grant outputs and impact.

elements and assets by which people make a living. Assets are defined and political (community, family, social networks), human s, clinics).
t management of social and economic development.

More than half of the communities interviewed expressed great appreciation for the temporary employment generated and infrastructure rehabilitated through the grants (e.g., village land, rice fields, and irrigation canals). They also stated that employment opportunities encouraged people to return to their villages, preparing a foundation for re-establishing community cohesion. About half of the communities interviewed indicated that engaging and taking a lead role in their own recovery process was a positive output in and of itself; it reduced stress, built hope for a better future and promoted healthier living.

Interviews with communities revealed that a high level of voluntary personal and community contribution correlated with high participant satisfaction with CBR activities. For example, in Suleue Village, where 84% of the labor was provided by the community on a voluntary basis (i.e., USAID funds were not used to pay workers), 95% of those interviewed felt very happy about Entry Grant implementation and outputs.

Communities interviewed also reported some negative aspects of the Entry Grants. Some communities were not satisfied with the way workers were selected, the limited cash available vis-à-vis the number of able and willing workers, and the possibility of undermining the traditional custom of *gotong royong* (people working together in mutual cooperation). CBR took these important factors into consideration as subsequent grants were designed and awarded.

**Figure 2. CBR Initiative—Participating Community Locations**



### 3.1.2. The CBR Training Program

Achieving substantial and sustainable recovery depends largely on the governing skills of community leaders—their willingness to lead people, manage community resources and work with government officials and donor agencies. CBR empowered village leaders and Civil Society Organization (CSO) managers of 56 newly formed village-based

> *"He referred to the program as like a car and passengers, where in this case, the residents served as the cars and the drivers, while the USAID were the passengers. The USAID listens to our wishes."*
>
> Burhanuddin
> Village Leader, Lamteungoh

organizations by building their capacity and capability to determine, plan, implement, and manage the rehabilitation of their communities. It also strengthened the capacity of local leaders by improving their skills in participatory planning and monitoring, communication and facilitation,

needs assessment and conflict management and resolution. In order to provide quality training to local communities, DAI identified and engaged the services of committed Acehnese facilitators.

Field staff training. For training to be effective and achieve optimal impact, trainers had to be highly skilled, understand the environment in which they worked and show proper respect for their trainees—village leaders and CSO managers. DAI staff from Aceh and Jakarta provided training to five Field Coordinators and twenty-three Community Facilitators on a wide range of topics, including: communication and facilitation skills, conflict resolution, team building, training of trainers, USAID grant policies and regulations and DAI grant development and management systems and practices.

> *"We can only say 'thank you' to USAID and Pemuda Muhammadiyah for supporting these very useful programs."*
>
> Saidi
> Lhoong District

In May 2005, after initial skills training, a 5-day training course was conducted at the University of Syiah Kuala in Banda Aceh to improve facilitator skills in strengthening local governance and promoting quick and sustainable recovery in affected communities. During the training, facilitators learned of several key roles and responsibilities of community leaders: provide clear direction, motivate and empower and resolve conflicts. Special emphasis was placed on the importance of participation, fairness and accountability in achieving sustainable development.

After completing the training, Facilitators, under guidance from DAI, began preparations for community-level training events. During this process, Facilitators gained deeper understanding of the subject matter, developed greater confidence in their training capabilities and produced training materials that could be used immediately at the village level.

Community leader training. In late July 2005, village leaders (*Geucik*) and female leaders from each of the 56 participating communities attended a four-day training event that focused on personal empowerment and essential leadership qualities: integrity, confidence, willingness to engage, benefits of taking necessary risks, accepting responsibility and perseverance in the face of adversity. The primary aim of the training was to focus participants' attention on these key leadership attributes and underscore the importance they play as the foundation for all CBR leadership and management training activities.

In November and December 2005, SPD worked with village-based CSO managers to organize and strengthen their newly formed organizations. CSO managers participated in training events focusing on bookkeeping, financial planning and organizational management. Training included discussion of equitability, accountability and transparency in the use of funds. This prepared village CSOs for managing loan funds that supported livelihoods development activities.

In January, SPD Coordinators and Facilitators began conducting three-day personal empowerment training events in CBR communities involving all village leaders—including women, youth and sectoral leaders (e.g., farming and fishing groups). Approximately thirty persons from each community participated in these events that promoted and nurtured an attitude toward and acceptance of individual responsibility that is conducive to effective participatory planning, project management and implementation, and monitoring and assessment.

Recognizing that USAID funding was not adequate to meet all the diverse short- and long-term needs in each community, DAI provided training in participatory planning to community leaders. CBR also provided basic training to village CSO managers in each community on methods and approaches to writing successful proposals. As action plans were finalized and gaps in funding

became apparent, village leaders were better prepared to develop proposals for submission to donors.

Capacity Building. To facilitate village-level livelihoods training, USAID funded capacity building grants in each CBR community. Community leaders used these funds to organize and implement training events based on the communities' assessments of their own needs. Grant funds were used to implement village training events, purchase training resources and facilitate the participation of community members in external training activities. Most village-based and external training events focused on income generation topics—such as carpentry, farming, aquaculture, post-harvest processing of agriculture and fishery products, and tailoring.

### 3.1.3. Community Action Plans (CAP)

In April 2005, after completing personal empowerment and introductory grant management training, SPD facilitators assisted community leaders to prepare 2006-2007 Community Action Plans. The Action Plans provided a clear framework for allocating USAID funds, as well as funds from the GoI and other donors, to support high priority activities identified by the community.

The two- to three-day participatory planning process comprised the following steps:

*Step 1.  Orientation—Why planning is important for community success;*
*Step 2.  Develop community goal for 2010;*
*Step 3.  Develop community leader mission statement;*
*Step 4.  Establish development principles;*
*Step 5.  Develop sector workplans for 2006-2007; and*
*Step 6.  Consolidate Sector Plans into a Community Action Plan 2006-2007.*

SPD reviewed the planning process followed in each community and the content of each Community Action Plan in order to assess the degree to which a broad cross-section of community members participated in the design process and how the overall plan addressed local needs and aspirations within the context of available local resources. The review process also took account of the gender-specific needs and interests of community members so that the needs and interests of both men *and* women were reflected in the community needs assessments, development frameworks and discussions of project impact.

The result of the planning process was 56 comprehensive Community Action Plans that included a total 2,400 priority development activities, all of which were agreed on and committed to by village leaders and women and youth representatives in each community. The impact of the training and planning process and the importance participants placed on them were best summarized by a village leader in Seuneubok Pidie Village, Aceh Timur District, who stated:

> *"The leadership training and community planning exercise were very useful for us … the grant funding we will receive [from USAID] to implement our plan is a bonus."*

The Community Action Plans represented critical CBR output and impact milestones in that they were evidence of increased community participation and ownership of local development initiatives—a clear indication of good governance being practiced in target villages. They also revealed the capacity of local leaders to prevent and mitigate conflict as community members discussed and debated village development priorities. Finally, preparation of a planning document, with clear activity statements, start and end dates, funding requirements and potential donors, was a clear indicator of effective leadership and efficient management of local resources.

For many villages, their Action Plan represented a first attempt at formulating a medium-term community plan. As such, it was a first step in their learning process—SPDs role was to help them move through this process at their own pace. It would have been counterproductive to be overly critical in the review of early planning outputs, and would have diminished community ownership and commitment to their plans—key aspects that largely determined whether or not implementation of planned activities was successful.

### 3.1.4. Allocating Funds Across Communities

The tsunami destroyed most—and in many cases all—community and family assets, leaving affected villages with few resources with which to start rebuilding. Management of the recovery process, particularly of the large amount of donor funding pouring into affected communities, including that from USAID, required very strong leadership if tensions and jealousies were to be avoided. Strong leadership and good governance at the village level also helped ensure that funds were used efficiently and in a transparent and clearly accountable fashion.

At the outset of CBR, DAI decided not to inform participating villages of potential USAID funding levels in order to ensure that discussion of budgets and funding did not drive the process of needs identification and prioritization. Instead, CBR Facilitators focused on helping communities design Entry Grants to jump-start village recovery activities. Funding levels for Entry Grants were largely determined by immediate needs and opportunities in each village.

As implementation of Entry Grants proceeded, USAID and DAI held discussions on funding levels for CBR communities, with a focus on balancing potential requirements in 56 villages and available USAID funds. DAI used preliminary funding estimates as a starting point for internal discussions on fund allocations. At the same time, DAI held numerous discussions on how to ensure equity across all villages. Equity was defined as a function not only of USAID funding, but also of the activities and funding inputs of other donors.

In June and July 2005, DAI gathered information from participating villages on a variety of issues, including the status of livelihoods prior to the disaster. At the same time, community priorities and the plans and potential interventions of other donors became clearer. As DAI gained greater understanding of the resources, opportunities and challenges facing each community, USAID funding support for CBR also became clearer. From an initial (March 2005) target of $1,000 per family in each participating village, discussion moved to a target range of $500-750 per family plus one large infrastructure project per village "cluster" (grouping of 3-4 villages).

DAI determined village-level funding allocations using a multi-step process involving a number of staff members closely involved with CBR. The process was comprised of the following steps:

1. Revisit discussion of factors that define "equitable" distribution: village population and needs, donor activity and previous USAID allocations.
2. Rank CBR villages by amount of USAID funding required, using the equity factors, to provide a starting point for allocating funds to be used through the end of 2005 to February 2006.
3. Establish maximum and minimum remaining fund amounts to ensure that every village can implement at least one additional initiative to address priorities unmet by other donors.
4. Review the rank of each village, confirm its position relative to other villages and determine a "first-cut allocation" of funds for each village.
5. Review all allocations, make adjustments, agree that distribution meet stated criteria and send results to DAI/Jakarta for final review.

CBR Coordinators and Facilitators presented final USAID fund allocations to each village for use in planning and priority-setting discussions. Importantly, the process presented above did result in the allocation of all USAID CBR funds. DAI set aside more than $1 million as an "opportunity fund" that was used to address unmet needs and new opportunities. CBR included village leaders, and *kemukiman* (parish) or *kecamatan* (sub-district) level leaders, in the discussion of how these funds were to be allocated.

CBR took strong first steps towards nurturing substantial, sustainable livelihoods recovery and improvement for 56 tsunami-affected communities in Aceh. Through the comprehensive approach adopted by DAI, villages were better able to determine their future and work constructively with local and provincial government to ensure peaceful and democratic development.

## 3.2. Sustainable Improvements in Livelihoods

### 3.2.1. Livelihoods 1 Grants

Following on the successful implementation of CBR "Entry Grants," SPD awarded a second series of grants—called "Livelihoods 1 Grants"—to 45 CBR villages. The total value of these 45 grant awards was more than $1.93 million.

Livelihoods 1 Grants supported the continuation of cash-for-work clean-up to ensure completion of work initiated with Entry Grant funding. More than 212,000 person-days of labor were created and over $784,000 paid to workers through these activities. Communities also used USAID funds to construct and rehabilitate public infrastructure, including:

- 25 community centers, 34 village offices, 35 recreation and 22 water and sanitation facilities;
- 25.3 km of irrigation canals and 12.4 km of drainage ditches; and
- 17.9 km of rice field fencing.

Through these activities partner communities gained immediate benefit and prepared a foundation for future self-reliance. Cash-for-work initiatives injected a large amount of money into CBR villages—thousands of families used the cash to purchase food, clothing and other necessities. Many bought seeds, plowed fields, and planted rice and other crops. Rehabilitated and newly constructed public buildings provided space for community discussion of needs and preparation of recovery plans and a venue for local cultural and religious events.

SPD worked with participating communities to formulate budgets and design implementation schedules for activities presented in Community Action Plans (CAP). The process of developing and implementing these plans helped communities move away from immediate relief activities to longer-term recovery and development initiatives. It put responsibility for allocating and managing USAID resources into the hands of local communities.

Grantee management capacity and the nature of activities to be implemented largely dictated schedules and deadlines for various implementation tasks. Public-Private Partnership agreements—the dates that they were initiated and concluded, and the grant activities that they funded—were also important considerations.

> **SPD CBR and ACEO Databases Supporting Improved Local Governance**
>
> Working with participating villages, SPD developed and maintained comprehensive information on the local resources and donor activities ("Village Profiles") and development priorities ("Community Action Plans") of all CBR and ACEO villages. Villages used this information to improve their management of local resources, and as a tool to attract donor funding. SPD used this information to inform decisions regarding allocation of financial resources to participating communities and to help villages locate donors able to support priority development activities.

## 3.2.2. Public-Private Partnerships

USAID partnerships with private corporations were critical sources of recovery and development funding for a number of CBR communities. Generous contributions enabled these communities to accelerate the recovery process and prepare themselves to take advantage of opportunities arising from the newly peaceful environment in Aceh. This section presents highlights of Public-Private Partnership activities and outputs.



Kindergarten ready for use,
Teumareum Village

### ConocoPhillips Indonesia

USAID and ConocoPhillips Indonesia (COPI) signed a MoU on 2 August 2005 in which COPI pledged $1.2 million for recovery activities in five tsunami-affected villages. The MoU and COPI funded activities concluded on 31 January 2007, having spent out $1.192 million of the pledged funds through the 21 grant awards.

Saney, Utamong, Kuala, Teumareum, and Bahagia were amongst the communities that took the brunt of and were largely de-populated by the December 2004 tsunami. To make matters worse, relief efforts were slow to reach the area due to its remote location and compromised transportation networks. With local government infrastructure all but destroyed and officials searching for loved ones, villagers held little hope that significant assistance would reach them quickly. Consequently, residents fled to larger towns like Banda Aceh to find relief supplies and information about government plans to assist.

Surviving residents, initially reluctant to return, were hastened to do so with the early intervention of CBR. Hope for quick recovery increased dramatically when ConocoPhillips support was secured in September 2005. Early cash-for-work cleanup activities drew people back to their villages, helping to stabilize the situation there. Despite the loss of many village leaders and elders, new leaders rose to the occasion and worked with survivors to formulate recovery plans for their communities.

USAID and ConocoPhillips worked in partnership with these communities to support first steps to rebuilding lives and recovering local livelihoods. Initial engagement with the five villages included short-term employment activities through cash-for-work programs that put much needed cash into the hands of hard-hit families. Initial engagement with villages centered on immediate recovery needs was followed by medium- to long-term grant making based on the CAPs. The development of the plans and implementation of prioritized activities promoted communities' owndership of the development process and decreased dependencies.

| COPI-funded Grant Outputs | |
|---|---|
| Community Center | 9 |
| Village Office | 5 |
| Recreation Facility | 7 |
| Educational Facility | 1 |
| Irrigation Canal Cleaned | 7 km |
| Watsan Facility | 6 |
| Agriculture Land Cleaned | 259 ha |
| Agriculture Land Prep. (fencing) | 20.2 km |
| Perennial Seedlings | 5,676 |
| Home Industry Support | 1 |
| Micro-enterprise Support | 5 |

On 31 May 2007 USAID and COPI participated in a ceremony in the village of Kuala to honor and celebrate the success of their partnership with participating villages. USAID Deputy Mission Director Robert F. Cunnane, ConocoPhillips/Indonesia General Manager Trond-Erik Johansen,

Vice President of Development Relations T. M. Razief Fitri, and ConocoPhillips/Indonesia Corporate Social Responsibility Manager Krishna Ismaputra attended the event. (Refer to the USAID-ConocoPhillips Indonesia Partnership Final Report, January 2007, for more details.)

## Chevron Foundation

USAID and Unocal Foundation (now Chevron) signed a MoU on 27 July 2005, in which Unocal Foundation pledged $1.5 million for recovery initiatives in six tsunami-affected villages. The MoU and Chevron funded activities concluded on 31 July 2007. Chevron funding supported 36 grant awards to participating communities—Baroh Blangmee, Baroh Geunteut, Teungoh Geunteut, Lamkuta Blangmee, Teungoh Blangmee and Umong Seuribee villages—with total disbursements valued at $1.498 million.

## AmeriCares

The MoU signed by USAID and AmeriCares in September 2006 established a partnership to support livelihood recovery in CBR communities. In the MoU, AmeriCares pledged $1 million in support of CBR activities to be obligated to the SPD contract in three tranches; two tranches of $250,000 each and final tranche of $500,000.

In early 2006, as these villages passed through the initial months of recovery and began reestablishing governance and leadership structures, USAID conducted personal empowerment and introductory grant management training. After these trainings were complete, CBR facilitators assisted community leaders to prepare 2006-2007 Community Action Plans. The Action Plans provided a clear framework for allocating donor funds, including funds from AmeriCares.

*First and Second Tranche Activities.* Good communications between SPD and villages, and improved CSO management skills enabled implementation tasks to proceed quickly and without major problems. Outputs of

| AmeriCares-funded Grant Outputs | |
|---|---|
| *First and Second Tranche Outputs* | |
| **Community Buildings** | 5 |
| **Drainage (meters)** | 3,594 |
| **SME Support for Women (infrastructure)** | 2 |
| **SME Support (resources)\*** | 4 |
| **SME Support for Women (resources)** | 6 |
| **Vocational Training (events)** | 2 |
| **Vocational Training for Women (events)** | 4 |
| **Cow Production (head)** | 291 |
| **Goat Production (head)** | 360 |
| *Third Tranche Outputs* | |
| **Community Buildings\*\*** | 7 |
| **Health Clinic (units)** | 1 |
| **Water & Sanitation (infrastructure)** | 5 |
| **SME Support (infrastructure)** | 1 |
| **SME Support for Women (infrastructure)** | 2 |
| **SME Support (resources)** | 3 |
| **SME Support for Women (resources)** | 3 |
| **Vocational Training (events)** | 1 |

\*   *Includes water purification facility and equipment.*
\*\* *Does not include fencing of community buildings*

> *Without Chevron's support we might be stuck in an abyss, unable to rise, unable to know happiness again.*
>
> M. Adam AR
> Village leader, Baroh Geunteut

these grant awards include:

- Construction of five community buildings;
- Rehabilitation of more than 3,500 meters of drainage canal;
- Improved capacity of six women-led small enterprises; and

- Increased potential to earn income for farmers through the provision of 291 head of cattle, 360 head of goats and associated rearing equipment.

*Third Tranche Activities.* In March 2007, SPD prepared eight proposals for approval by USAID and AmeriCares. Proposed activities focused on water and sanitation infrastructure, micro-enterprise and economic development and women-led income generation activities. Following discussion with AmeriCares on proposal details and efforts to match village priorities with AmeriCares requirements, the proposals were adjusted and subsequently approved for implementation.

As third tranche activities proceeded, SPD managers and community leaders worked together to address challenges as they arose. One such challenge was a short supply of local labor to implement planned activities. SPD was committed to sourcing labor from partner villages, or when necessary, from other nearby communities. However, despite reported high unemployment throughout Aceh, securing sufficient and reliable labor at reasonable wages proved difficult. In such cases SPD worked closely with grantee communities to hire a mix of local and outside (non-village) labor to complete required tasks on schedule, taking account of local concerns, priorities and funding resources.

**ExxonMobil**

USAID and ExxonMobil signed a MoU on 27 July 2005, in which ExxonMobil pledged $750,000 for reconciliation and reconstruction projects through ACEO in eighteen villages in North Aceh and Lhokseumawe City Districts. At the end of July 2007, nearly $746,500 had been disbursed in 24 grants to communities in this area.

The first three grant awards engaged representatives from local communities (including former combatants and government representatives) in personal empowerment and leadership training. Funding also supported the formation of CSOs as representative bodies in each village, and a participatory process of community action planning in which needs were identified and prioritized. This planning exercise—the first of its kind in these villages—involved representatives of all key sectors in the villages. Participation in the planning process helped build trust between community members, government officials, and former-GAM representatives [known as KPA (Komite Keperalihan Aceh)], thereby building a foundation for peaceful social and economic change.

| ExxonMobil-funded Grant Outputs | |
|---|---|
| Community Center | 4 |
| Village Office | 12 |
| Recreation Facility | 6 |
| Watsan Facility | 6 |
| Cattle (head, in revolving fund) | 482 |
| Goats (head, in revolving fund) | 530 |
| Perennial Seedlings | 29,500 |
| Micro-enterprise Support | 6 |

ExxonMobil funding also supported a general education survey in ACEO cooperating villages in June 2006 through local NGO Aceh Education Scholar Alliance. This education data helped provide direction to SPD programming throughout the ACEO area.

These activities set the stage for the design and implementation of community development peace dividend grants in participating villages. Communities, through an inclusive and participatory process, selected a range of activities for ExxonMobil support, including the rehabilitation and construction of small-scale infrastructure, and revolving fund initiatives to increase income for participating families. All grant activities were concluded on 31 July 2007.

### 3.2.3. Subsequent Livelihoods Grants

Following on the initial grant activities focused on construction and rehabilitation of public infrastrtucture, SPD worked more closely with community-based organizations, other donors

active in the CBR area, and local government to develop more integrated, longer-term development activities based on the CAPs.

## Art for Recovery

In December 2005, SPD sponsored the Art for Recovery initiative, a drawing competition for children from villages participating in the CBR Initiative. The theme of the competition was "The Future." The process leading to the awards ceremony was documented by several media crews, including NBC Nightly News and Aladdin Productions (producer of public service announcements for USAID).

The award ceremony was held in Gurah Village on 24 December 2005, to coincide with the one-year anniversary of the earthquake and tsunami. Several dignitaries attended the event, including Tom Morris, US Government Representative in Aceh, Krishna Ismaputra of ConocoPhillips Indonesia, and reporters from the Aceh Media Center. In addition to the presentation of awards, women from Miruk Village performed a traditional dance and a drumming group from Gurah Village displayed their skills.

Each village selected three drawings to enter into the final competition. SPD staff members selected 12 finalists from these drawings and a panel of judges from USAID and SPD selected the three winning drawings. Each winning artist received a bicycle and nine honorable mention artists received backpacks filled with school and art supplies.

## 3.3. Local Planning and Community-Government Relations

The 2004 earthquake and tsunami devastated much of the coastal regions of Aceh but also presented an opportunity to mend relations and increase cooperation between national and provincial governments and between local governments and communities. Because work to empower communities can easily increase existing tensions between communities and the government, CBR sought to implement approaches and activities that prevent, manage and resolve potentially violent disputes. A key element of the CBR strategy was to encourage partnership between communities and local government in the recovery process.

The CBR community recovery process facilitated the design of Community Action Plans and increased local participation and ownership of village recovery initiatives. The process brought community and government representatives together to plan and budget for local development. As such, it afforded opportunities for strengthening relations between communities and the government. While CBR strengthened the capacity of village leaders to participate in the national planning process, local government—staff and systems—took longer to recover from the impact of the tsunami and to adjust to new government planning processes and policies. As a result, initial CBR Community Action Plans (completed in early 2006) served more to present local needs and aspirations to international donors rather than build relations with local government and inform the national planning and budgeting process. However, government processes were eventually brought back on-line and were clarified. SPD field staff was then able to implement a process whereby village action plans could be more directly integrated into national planning frameworks.

> *SPD has taught us transparency, democracy, and accountability through the CAP process, proposal writing and budgeting skills training, as well as through day-to-day implementation of grant activities. These values are for us to absorb and practice in our daily life. We want to maintain them as we believe they will help us to prevent conflict.*
>
> CSO managers (CBR Initiative)
> Tanjung Selamat & Gampong Baro
> Villages

Ensuring that local planning efforts fed into provincial and national planning frameworks was an important challenge. Done in isolation, the Community Action Plans would have little lasting impact in the CBR area. SPD worked with participating villages to update and re-formulate their plans for presentation to local authorities. SPD also sought the assistance and cooperation of local and provincial government offices to ensure that planning efforts would be integrated with provincial and national planning processes. Coordinating with and seeking the commitment of government was critical, and helped to ensure that relationships were strengthened during the process.

SPD staff met with district (*kabupaten*), sub-district and parish officials (*bupati, camat and mukim*), representatives of the local planning department (Bappeda) and BRR (Badan Rehabilitasi dan Rekonstruksi, the Indonesian Agency tasked with overseeing the reconstruction of Aceh), and representatives of several international NGOs and United Nations (UN) agencies to discuss local planning efforts. These meetings brought SPD together with agencies and organizations active in local, regional and national planning, and helped SPD identify potential partners in implementing village level planning exercises. SPD obtained buy-in for village-led planning from local government officials and developed a partnership with USAID contractor RTI (Research Triangle Institute—through the USAID-funded Local Government Support Program (LGSP)—to conduct a series of training-of-trainers workshops focusing on the legal and procedural aspects of development planning.

### 3.4. Quality Control and Maintenance of Village Assets

SPD maintained high standards regarding the quality of inputs provided to project stakeholders. These standards were established and attained for all SPD grant awards, as appropriate. Given the broad geographic spread of villages participating in CBR and the variety of infrastructure and other assets provided to them, SPD faced a great challenge to ensure that standards were met in all instances.

SPD implemented internal control procedures to ensure that assets provided to communities met or exceeded established standards. These internal controls provided assurance that project finances were used as intended, and ensured that reliable information on the quality of assets provided to partner communities was delivered to SPD managers so that they could quickly address any weaknesses. Specific internal control measures that helped to achieve these broader goals include:

- Proper design and budgeting that included all necessary materials prior to grant award implementation;
- Procurement and grant accounting assignments that included quality control checks and balances;
- Design and use of adequate documents and records helped ensure proper recording of transactions and events to reduce the opportunity for any individual employee, vendor or grantee to commit and conceal errors or asset weaknesses; and
- Clear ownership transfer procedures and documents ensured DAI SPD and grantees understood when assets have become the property and responsibility of the grantee.

Establishing good internal control procedures helped minimize potential problems such as delivery of sub-standard materials to job sites and construction of poor quality buildings. However, it is impossible to design a set of controls that completely eliminate all chance of problems occurring. Nonetheless, by properly implementing internal controls, SPD reduced the possibility that such errors and shortcomings would occur, and ensured that weaknesses were recognized and addressed quickly.

DAI technical specialists, engineers and program implementation managers accomplished this through the following activities:

- Reviewed and evaluated the adequacy, feasibility and accuracy of relevant grant proposal budget line items and design plans;
- Ensured staff compliance with policies, regulations and guidelines regarding the procurement of and accounting for planned outputs and assets provided to grantees;
- Verified the existence of assets as presented in the grant award document and ensured their quality meets or exceeds DAI SPD standards;
- Communicated to senior management the potential cost resulting from non-compliance with accepted standards and took action as necessary to upgrade assets to acceptable standards; and
- Ensured proper ownership transfer of assets to grantees.

**USAID-Nike-APL Volleyball Tournament**

U.S. Congressman Robert Wexler (D-FL) attended the final matches of the USAID-Nike-APL Volleyball Tournament on Saturday, August 5, 2006 in Weu Raya village, near Banda Aceh City. The event was made possible by USAID and sponsored by Nike of Singapore and APL of Indonesia, demonstrating USAID's continued commitment to facilitate private sector participation in the physical and social recovery of Aceh following the devastating tsunami of December 2004.

The event marked Congressman Wexler's second visit to Aceh Province since the tsunami and was part of a review of U.S. Government tsunami and earthquake relief efforts. The USAID-Nike-APL partnership supported the participation of 24 teams from communities participating in CBR and from *dayahs* (religious boarding schools) supported by USAID and The Asia Foundation (TAF).

APL donated $10,000 to support the tournament and final-day celebrations. Nike provided in-kind support including over 250 balls and nearly 100 pieces of apparel as prizes during the award ceremony, which was presided over by Congressman Wexler, representatives of APL and local government officials.

The tournament also served as a capacity building exercise for the two event organizers—a USAID-funded civil society organization, Imawar Beudoh Beurata, based in Weu Raya village and the Indonesian Institute for Society Empowerment (INSEP). These local organizations procured and distributed all sporting equipment, and arranged logistics for the 24 participating teams during the ten-day tournament. SPD provided guidance and oversight during the entire event to ensure a transparent procurement process and sound financial reporting.



### 3.5. CBR Major Issues and Challenges

Beyond the normal challenges and issues that can arise when implementing community development activities, SPD faced several constraints in implementing grant awards and other CBR activities. Some of these challenges are presented in this section.

*Community Action Plan Development Process*
SPD faced unforeseen challenges in completing the CAPs. Preparation work started in July 2005 with in-house discussion on the planning process, steps involved and expected outcomes. SPD believed that for community plans to be effective, the community and especially its leaders must first understand the importance of planning and believe that their efforts would produce the results they desired. In July, one village leader and one women's leader from each of the 56 CBR villages participated in personal empowerment training to provide a foundation for village planning.

In August 2005, several proactive facilitators began work with village leaders in a few communities to develop plans for village recovery. Unfortunately, at the time, the Facilitators (and village leaders) did not properly understand participatory planning processes and methods, leaving the resulting plans less than SPD had desired. As a result, these plans were recognized as "draft village workplans," and SPD subsequently conducted a Training-of-Trainers event for Facilitators focusing on personal empowerment and leadership, and developed materials in preparation for village-level leadership and planning training events.

Village-level training and planning proceeded without further delay. The resulting plans met with SPD standards and were used to formulate livelihoods development activities; and published for distribution to donors in April 2006.

This delay in finalizing the CBR Community Action Plans resulted in a delay in formulating livelihoods development activities by approximately three months. At the same time, focus on achieving quality in both process and resulting plans helped further SPD progress in improving local governance (one of the three stated outputs of CBR).

*Village-Managed Construction—Labor Rates and Skill Level, and Relations with Vendors*
At the outset of CBR, SPD aimed to ensure that as much grant funding as possible remained in the villages involved. For example, if a village office was to be constructed, village labor would be used to the maximum extent possible. In this way, the village gained not only a village office, but also short-term employment for members of the community.

As Aceh moved through the immediate relief period, stabilized and settled into a longer-term recovery phase, negative externalities of this approach arose. First, the cost of local labor rose

> **Bappenas Field Visit**
>
> From 27-30 November 2006, a Bappenas assessment team traveled to Aceh to review progress and achievement of the CBR and ACEO. Team members included Rd Siliwati, Director, Directorate for Political Affairs and Communications; Cerdikwan, Planning Specialist; Arifin, M&E Expert; and Verdi Yusuf, Consultant.
>
> The team was briefed by SPD Senior Managers at the DAI/Banda Aceh office and later met with representatives of BRR, BRA and Bappeda to discuss the status of recovery and development initiatives in the province.
>
> CBR project sites were visited in Aceh Besar and Pidie, and ACEO sites in Lhokseumawe, Aceh Utara and Aceh Timur. The highlights of the visit included discussions with villagers on the challenges they faced in recovering from the devastation of the tsunami, observation of personal empowerment and leadership training for teachers participating in the Children for Peace project, and meetings with former GAM-combatants on reconciliation and reintegration issues.
>
> Keeping to a very tight schedule, the Bappenas assessment team was exposed to many of the challenges that SPD faced daily in Aceh, particularly those associated with facilitating recovery and reconciliation with highly traumatized populations.

dramatically, making it difficult to justify the use of village labor when laborers from outside the area (i.e., North Sumatra) could be hired for as much as half the local rate (including costs of travel, food and lodging). In addition, both skilled and unskilled labor were in short supply in most areas.

Second, laborers available in villages often did not have the skills required for more complex design and construction tasks, leading to poorly built structures and quality control issues. Third, the SPD in-kind grant method implied that SPD would purchase material from a vendor who was responsible for delivery and quality control associated with that material. Construction supply businesses were not located in CBR communities, so these vendors were "outside" the grantee community. Problems arose with this split between material vendors and labor vendors (i.e., grantees). For example, SPD worked with grantees to establish implementation schedules and had material delivered to villages according to this schedule. In some instances, the grantee did not take steps necessary to ensure that labor was prepared to utilize material on delivery; this resulted in damaged, destroyed and/or stolen materials (e.g., warped wood and hardened cement). Problems that arose between vendor schedules and village laborers delayed construction timeframes and led to cost overruns. SPD put great effort into coordinating vendor workplans and keeping contruction costs in line with grant budgets.

Given these issues, SPD altered slightly this policy. While SPD continued efforts to ensure maximum grant funding remained in participating villages, larger and more complex construction works were contracted through grants as a consolidated package to a single vendor (typically one vendor was contracted for the construction of one item). For example, construction of multipurpose community centers and village water systems were contracted to local companies following standard USAID and DAI policies and procedures. To strengthen village management capabilities, SPD worked closely with grantees on all design, bidding and contracting tasks.

*Village-based CSO Management Capacity*
Managers of the village-based CSOs formed with SPD support generally lacked the skills required to perform their duties. This was not surprising, given that most had never managed or administered a CSO. Working with SPD funding represented their first opportunity to manage donor resources. This lack of skill and experience limited their ability to effectively and efficiently manage SPD resources and delayed implementation schedules.

Having gained experience through the management of past SPD grant awards and new skills through management training provided by SPD, CSO managers began to show an increased ability to manage project funding and implementation schedules. Overall, grant implementation proceeded according to plan and without major problems in most locations. Although at times facing the challenge of a greater than normal workload and high grant disbursements, most CSOs performed admirably.

Nonetheless, CSO management capacity remained a concern, and SPD took steps to address this issue. SPD awarded a grant to IRE, an Indonesian NGO based in Yogyakarta, to provide training that would help ensure that CSOs properly manage village projects and SPD funding and that would prepare them to continue operations after the conclusion of the SPD program. The training courses—six events of four days duration each—were conducted in June and July 2007. A total of 101 CSO managers and administrators from 35 village-led CSOs participated in the training events.

SPD staff members worked with IRE to design the curriculum, ensuring that it supplemented training provided in 2006 and was appropriate for the needs of these CSOs. The training courses covered the following themes:

- Role and functions of village-based CSOs;
- Analysis of local resources and opportunities and planning for development;
- Managing village assets;
- Sustainability and local development; and
- Developing village-owned business.

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**CBR Success Story: Village-led CSOs Prepare to Manage Local Development**

Near the conclusion of their work under an SPD grant to provide training to village-led CSOs, IRE (an Indonesian NGO based in Yogyakarta that has experience working in many areas of the country) remarked at the success of CBR, particularly in regards to village-based planning and efforts to link this work with national development planning. IRE noted that this was the first program they had seen that provided assets to communities *and* training on how to properly manage those assets. They also commented that the exit strategy—building community organizations to manage local development while the donor is present and after it departs—was unique.

IRE shared these comments with the Governor of Aceh and invited him to observe a training event first-hand. The Governor, accompanied by the Provincial Secretary (*Sekda*), visited a training site on 17 July 2007 and was impressed with what he saw and heard. He said he hoped to share his experience with other donors in Aceh, believing it is very important for all villages to understand the national planning process so that funds are efficiently and effectively distributed and used. That CBR was doing this greatly impressed the Governor and left him wanting to learn more of SPD's work.

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As training concluded in the CBR area, IRE expressed optimism that the CSOs would do well in the future. They estimated that 31 of the 35 CSOs were on the right track, with four showing very strong potential.

While this was very positive and motivating feedback, it must be understood that regardless of the amount or quality of training provided, it would take time for CSO staff to transform new knowledge into habit. As a result, SPD staff members remained proactive in assisting, guiding and mentoring CSO staff as they performed their duties.

*Village CSO Transperancy and Accountability*
A December 2006 CBR Progress Assessment found that communication between community members and CSO managers was an issue of concern. To learn more of the extent of this issue, and to uncover other matters of concern—and success stories—SPD conducted an assessment of the quality of village CSO leadership, program implementation and management and community outreach. Twelve villages participating in CBR and ACEO were visited during the assessment. The assessment team conducted its tasks knowing that the CSOs were still quite new, inexperienced and functioning in a post-conflict, tsunami-affected region. They also understood that "surface" issues might mask underlying concerns—for example, issues regarding poor communications between community members and CSO managers might be an indication that deeper aspirations of individuals within the community were not being met. As a result, the assessors found that they would have to dig deeper to obtain an accurate understanding of community-CSO dynamics.

Noteworthy assessment findings include:

- Perceived delays in project implementation caused a lack of confidence or trust between community members and CSO managers with both SPD and CSOs being blamed for not keeping promises and accused of a lack of transparancy;
- Most CSOs visited recognized the importance of, but had not yet established, standard internal operational policies or guidelines, affecting CSO capacity to manage themselves and their projects and leaving them open to accusations of mismanaging community projects and funds;

- Not all community members understood who "owns" village assets, with some stating that CSO managers owned the assets while others said that the community did; and
- All CSO managers interviewed stated that they believed that communication with their community was sufficient, although some would like to have conducted more formal and informal meetings.

SPD continued to promote constructive interaction between village leaders, CSO managers and community members. SPD also continued to encourage village leaders and CSO managers of different villages to meet and share experiences and strategies for local development, including the role of village-led CSOs in their communities.

*Quality Control of Physical Outputs (Assets)*
Given the broad geographic spread of villages participating in CBR and the variety of infrastructure and other assets provided to them, SPD faced a great challenge to ensure that standards were met in all instances.

As construction works were completed, SPD transfered ownership of new assets to villages and government agencies, as appropriate. Transfer was formally complete when the recipient (grantee) signed an Asset Transfer Letter, acknowledging receipt of the asset and acceptance of responsibilities for its use and maintenance. Many recipient communities were quite capable of managing and maintaining community assets, while others with less experience continued to face challenges. SPD worked with leaders in these communities to build local capacity to manage and maintain community assets.

*We feel blessed that SPD provided us with training to develop important skills. We have never had these kinds of trainings before. No other donor provides such intensive trainings or works so closely with us to develop a better future.*

CSO managers (CBR Initiative)
Tanjung Selamat, Blang Krueng
& Gampong Baru Villages

*Linking Community Action Plans and National Planning Efforts*
Critical challenges associated with efforts to link local plans with those at the national level included encouraging communities to engage in participatory planning process with no guaranteed funding source (outside of government budgets) and garnering government support and active participation in village-level planning activities.

SPD gained solid understanding of the national planning processes and requirements, determined how SPD could assist planning at the village level and facilitated links with national planning efforts. SPD staff members met with local officials and civil society groups to learn about provincial planning processes, key actors and stakeholders, and data requirements. SPD also reviewed its village planning efforts, gathering lessons that could be used to assist villages to integrate their plans into regional and national planning cycles. Finally, SPD formulated and integrated an action plan for staff training, stakeholder preparation, building village awareness of planning processes and expected outputs and village planning activities. As noted above, in May 2007 SPD postponed village planning exercises due to uncertainties regarding the end date of the SPD contract.

*Village Engagement with Other Donors*
At the outset of CBR, SPD was the only donor active in many participating communities. As such, village leaders and community members were easily engaged in planning meetings, training events and implementation of grant-funded activities. As other donors began work in these same communities, it became increasingly difficult to maintain the active participation of key village

leaders. In some communities SPD became a minor source of funding relative to other donors. In addition, in most villages participating in CBR, leaders appropriately put their attention on efforts to rebuild housing detroyed in the tsunami (an activity in which SPD was not engaged). With finite time and energy, some communities placed SPD-funded activities well down their list of priorities. This issue became more acute as SPD funding diminished and operations slowly concluded.

To address this issue, SPD continued to encourage leaders to actively manage CBR activities and to coordinate implementation schedules with those of other donors. SPD field staff became more knowledgeable of donor activities in participating villages and sought opportunities to share information on village activities with these organizations, as well as BRR, BRA (Badan Reintegrasi Aceh, the Indonesian agency tasked with overseeing all re-integration activities) and provincial and district governments. Nonetheless, maintaining active village engagement and motivation continued to be a challenge for SPD.

*Field Staff Departures, Motivation*
Senior managers faced the challenge of maintaining the energy and focus of staff members as their contracts came to a close and as they began searching for new employment opportunities. Managers also faced the critical task of maintaining sufficient staff levels in each technical area (e.g., procurement, accounting and grant management) through the end of the contract period. Uncertainties regarding the end date of SPD increased staff concern regarding their employment status, diminishing staff morale. As a result, staff members stepped up efforts to find new jobs with some leaving SPD earlier than expected.

## 4. Aceh Peace Process

### 4.1. General Initiatives in Support of the Peace Process

*Socialization of the MoU*
To facilitate socialization of the MoU, SPD provided almost $75,000 to Yayasan Inovasi Media Aceh to produce public service announcements to be aired by 30 radio stations throughout the province (via Info Aceh). The main objective of this initiative was to disseminate information on the MoU to as wide an audience as possible. The announcements were packaged in a variety of formats, including testimonials and folksongs, to make them accessible to the general public.

In an effort to spread information on the MoU via print media, SPD provided over $365,000 to the Aceh Recovery Forum (ARF) for the production of *Aceh Magazine*, targeting approximately 480,000 readers throughout the province. Formerly, mainly a newsletter about post-tsunami relief efforts, SPD funding enabled the magazine to broaden its scope to include information on the peace process. Issues covered news critical to the peace process, including local

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**General Peace Support Initiatives**

20 Grant awards, total value $1,324,675

*Socialization of the MoU*
Aceh Recovery Forum (2 grants; $365,082)
Yayasan Inovasi Media Aceh ($74,745)
Aceh Peace Socialization Team ($12,310)
LPMP ($21,687)
Radio Feminim ($43,788)

*Aceh Peace Cultural Concert Series*
Tambo Media Center (3 grants; $222,738)

*Disarmament, Demobilization and Reintegration (DDR)*
Acehnese Civil Society Task Force ($40,077)
Bappeda – Aceh Utara ($49,023)
APRC ($67,509)

*Joint Forum to Support Peace*
Forbes (3 grants; $225,829)

*CSO Strategic Planning and Engagement in the Aceh Peace Process*
Forum LSM Aceh (2 grants; $17,147)

*Monitoring of the Peace Process*
Tambo Multimedia Center ($31,709)
NDI ($137,497)
Institute Titian Perdamaian ($15,533)

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elections, information on the Draft Law on Governing Aceh and aid to conflict-affected persons. In addition to the magazine, ARF also designed and produced information campaigns using

various print media (posters, stickers, books and public service announcements) for postings in local newspapers and public places.

SPD provided funding to the Aceh Peace Socialization Team (*TimSos*) to facilitate work with the International Organization for Migration in 17 districts and the four main cities of Aceh province, providing information on the MoU and encouraging participation in planning for a successful, peaceful future for Aceh. *TimSos* was briefed on the political and legal dimensions of the MoU process and was provided a short training in communication techniques in order to convey appropriate peace messages during their socialization work.

To support and socialize the peace process through cultural media, SPD provided over $21,500 to *Lembaga Pengembangan Masyarakat Partisipatif* (LPMP) to conduct a traditional ceremony called *peusijuk* in the western Acehnese town of Meulaboh. This ceremony is traditionally held to welcome members of the community back after a long absence. It brought together government officials, former combatant representatives, religious leaders and community members in a demonstration of respect for each other and a commitment to peace. The ceremony was followed by a traditional water buffalo sacrifice, symbolizing a cessation in the long cycle of violence and a declaration of peace by those in attendance. During the ceremony there was local traditional dancing and speeches by representatives from the government, KPA and the Aceh Monitoring Mission regarding the peace process and the need for the support of the process by communities in western Aceh.

To increase the voice and participation of women in the peace process, SPD provided support to Radio Feminin to establish a radio station with special focus on women in the Central Highlands. SPD later provided support to Radio Amanda for the same purpose.  The idea was inspired by a USAID-supported interactive radio program, "Peace for Women Means Peace for Us All."

*Aceh Peace Cultural Concert Series*
To encourage reconciliation and communication between various Acehnese communities, and to disseminate information on the MoU, SPD awarded three grants value at over $222,000 to the Tambo Media Center to conduct a series of "peace concerts" throughout the province. The concerts were held in conflict-prone areas, including the districts of Pidie, Bireuen, Lhokseumawe, Takengon, Aceh Utara and Aceh Timur. The concerts disseminated information about the peace process through traditional performances by and for victims of conflict, as well as local GoI and KPA leaders. Because for decades residents of these areas were unable to enjoy outdoor entertainment out of fear and sometimes on account of strict curfews, these well-attended concerts (estimated 600,000 people) also gave hope to communities that peace was at hand.

The performance of Aceh's number-one performing artist, Rafly, was the main attraction, particularly for the youth in attendance. Other features included performances of *daboh* (a traditional martial art), traditional dancing from the region, *didong* (oral tradition) and Rapa'i.

*Disarmament, Demobilization and Reintegration (DDR)*
USAID, in coordination with international donors, the GoI and local NGOs, supported a three-day DDR workshop. Eight international experts in DDR initiatives and conflict transformation were invited to lead local stakeholders in discussions on building solid foundations for peace. More than one hundred people attended this event, sharing global perspectives on peace initiatives, discussing strategies to increase local investment and engagement in the peace process and approaches government and civil society groups might use to accelerate and deepen reintegration.

Each day, focus groups discussed issues central to the peacemaking and reintegration process and shared findings with the larger workshop audience. A range of issues were considered, including: amnesty, justice, and human rights; criteria for or profiles of ex-combatants and beneficiaries eligible to receive reintegration support; the role of government, civil society, and international bodies; community-based reintegration; and sustainable livelihoods programs.

Although the number of participating government officials and academics was less than ideal, and there were no immediate follow-on activities to publicize workshop results, the event was a positive first step to bringing DDR issues into the public domain. Participants agreed that reconciliation requires a marathon mentality because it is a means to an end, not the end in itself. Conflict will always exist; however, the means by which conflict is transformed is the key to a prosperous and peaceful future. One encouraging element shared by the DDR experts was that the Aceh peace process is unique in that it began with disarmament and moved onto reintegration and reconciliation activities; disarmament is usually the last phase of the process.

*Joint Forum to Support Peace*
Since its inception in February 2006, the Joint Forum to Support Peace *(Forum Bersama Pendukung Perdamaian*—Forbes*)* has served as a policy advisory body, discussion forum, and program coordinator for activities stemming from the MoU. Forbes is the only institution in Aceh where key members of the five main peace process stakeholder groups come together to discuss and resolve issues related to the peace process. These stakeholder groups are: GoI, KPA, Provincial Government of Aceh, civil society and donor agencies.

The mandate of Forbes is to support the effective implementation of the MoU between the GoI and GAM, beginning with reintegration, social welfare, and livelihood components of former combatants, prisoners and conflict-affected populations, in general. Crucial to this support is Forbes' role in providing a physical space for information-sharing (in order to maintain a common vision of the status of MoU implementation and challenges to the process) and for joint problem-solving. In order to assist Forbes in providing this locus for dialogue, SPD first funded the renovation and refurbishment of the building to be used as the secretariat in Banda Aceh.

In June 2007, SPD awarded a grant to Forbes Damai to support the implementation of the MoU, coordinate the post conflict recovery of Aceh and build the Aceh Provincial Government's capacity to sustain the peace process and the post conflict development of Aceh. The outputs of the project included:

- Development of provincial government capacity to sustain the peace process and to coordinate post-conflict development of Aceh;
- Implementation of the MoU to the satisfaction of signatory parties;
- Coordination and harmonization of GoI and other donor post-conflict recovery assistance; and
- Implementation of BRA reintegration programs in compliance with the MoU and targeted to provide maximum and effective assistance to the beneficiaries.

SPD awarded grants valued at over $225,000 to support Forbes.

*CSO Strategic Planning and Engagement in the Aceh Peace Process.* Following on the SPD-sponsored disarmament, demobilization and reintegration (DDR) workshop held in December 2005, funding was provided to Forum LSM Aceh to organize a workshop for Acehnese CSOs intended to result in a strategy and action plan for CSO participation in supporting the peace process. About 75 representatives from NGOs, academia, civil society, youth groups, schools and religious organizations were in attendance.

*Monitoring of the Peace Process*
With SPD support, Institute Titian Perdamaian (Peace Building Institute) began a pilot project to establish an early warning and early response system (EWERS) that would highlight areas where conflict might erupt. System operators would monitor events and collect data on a set of indicators of rising communal tension. The system would facilitate the analysis of resulting data, allowing practitioners to uncover areas of concern. To establish the system, Institute Titian Perdamaian conducted baseline research, trained twenty facilitators and established three coordination offices.

SPD also funded the monitoring and advocacy of legislation stipulated in the MoU signed by GAM and GoI. As part of the peace agreement, there were special rules and regulations that governed district- and province-level local elections. Tambo Mulitmedia Center was awarded $31,709 to air TV programs and radio talk shows to increase voter knowledge about the elections, including candidate platforms. As part of its support for a free and fair post-MoU election, SPD also supported NDI ($137,497) in its efforts to:

- Enhance the capacity of the local NGO Jurdil Aceh in providing credible, independent verification of official election count (Quick Count) and highlight the degree of irregularities;
- Train 42 District Coordinators and Quick Count Officers as trainers in Quick Count techniques and management;
- Train 21 people as trainers in Voter Attitude Surveying;
- Train 21 people as Quality Control staff for the Quick Count; and
- Train 821 volunteer observers.

## 4.2. Aceh Community Engagement and Ownership Initiative (ACEO)

### 4.2.1. Background

ACEO focused on strengthening civil society at the village level through the development of leadership capacity and "peace dividend" activities to build relationships between communities on all sides of the conflict. This approach recognized that peace cannot be built through activities that involve separately only one side of the conflict or through efforts to win converts to one side or another. It sought to develop multiple cross-linking relationships that encourage interdependence among people and communities, helping them envision and work toward a shared future.

In the context of ACEO, "community" referred to a group of people bound together by shared social, economic or spiritual needs, goals and aspirations. Community therefore encompassed village-centered communities, as well as political groups, civil society organizations, ex-combatants, and agricultural producer and marketing groups. This viewpoint helped optimize ACEO's ability to spark and sustain social change.

Particular focus was placed on helping communities and government agencies move away from the lack of trust and hostility that characterized their relationship to a more constructive and purposeful one. Three principles underpinned the strategy: develop capacity for community-driven participation in the peace process; link and build relationships between communities that were not like-minded; and pursue opportunities that keep communities in sustainable creative interaction.

The objective of ACEO was to *engage conflict-affected communities in the peace process by building effective relationships between them and other not-like-minded communities.* It focused effort and resources on most-affected communities and areas seen to be critical to, and which provide the best opportunity for, building a durable foundation for peace in Aceh.

The outputs were:
- Good governance practiced and nurtured to promote and sustain peace;
- Networks of constructive relationships between communities on all sides of the conflict; and
- Sustainable improvement in livelihoods in conflict-affected villages.

In October 2005, SPD began the process of selecting villages using clearly defined criteria, including the number of released prisoners and ex-combatants in the locale, history of conflict-related violence, physical infrastructure destroyed as a result of the conflict, the size and composition of the current population, geographic location and expressed willingness of the village to participate and contribute. Data were collected from a range of sources and analyzed using GIS technology.

**Figure 3. Community Selection Process and Data**



**Villages in Aceh = 5,700**
Total pop = 4.2 m
Amnestied prisoners = 1,985

- **IOM data on amnestied prisoners** [map 1,303 former prisoners; select kecamatan with minimum population of 11,000 persons and 10+ amnestied prisoners]
- **GoI-PODES conflict event data** (2003) [select kecamatan with greatest number of conflict events]
- **DAI literature review of AcehKita** for conflict event locations [select kecamatan with greatest number of conflict events]

**Likely Conflict-Affected = 1,943 Villages**

- **IOM data on amnestied prisoners** *combined with*
- **GoI census data** (2003) [calculate a density index; select *kecamatan* with greatest density of amnestied prisoners per unit population]
- **Discussion with Aceh "experts"** [confirm degree locales affected by conflict over recent 5-year period]

**First-cut Candidates = 1,215 Villages**
Total pop = 829,000
Amnestied prisoners = 642

- **DAI village GPS mapping activity** [map data and visualize village clusters; select villages based on ease of access; deselect isolated villages]
- **KoalisiHam conflict event data** (2002-2005) [select *kecamatan* with deep history of violent conflict]

**Final Candidates = 464 Villages**
Total pop = 380,000

- **DAI village survey** [confirm secondary data; housing/public infrastructure, orphan, female-headed household, and CSO activity data as indicator of conflict/tsunami impact]
- **Informal interviews/interaction with local government officials and GAM leaders** (during village survey) [add qualitative information to selection process; indicative information on willingness to contribute and participate; initiate dialogue with other "communities"]

**ACEO Villages = 39+**
Total pop = 41,000+

**Verification**: cluster-based focus group discussions with community leaders & village groups to level expectations and check willingness to contribute and participate

Three issues drove the selection process. First, accurate village-level data on a range of issues associated with conflict and its impact did not exist, making it difficult to select most-affected villages for program interventions. Second, access to many conflict-affected villages was problematic, making it difficult to conduct a rapid comprehensive survey. Third, the peace process dictated a quick selection of target villages. As a result, and in order for the process to proceed quickly, site selection relied greatly on data collected by other organizations (e.g., IOM data on released prisoners and ex-combatants, and GoI data on village population). As a final step in the selection process, DAI collected primary data in 464 villages and held informal interviews with local officials and leaders in the survey area. The resulting data were analyzed, leading to the selection of villages that might participate in ACEO.

To obtain optimal impact, ACEO selected clusters of villages based on *kemukiman*, a local administrative unit below the sub-district level. This approach sought to build a critical mass at the village level that helped shape governance performance and practices at the sub-district level that would promote and sustain peace. It also reduced jealousies that could arise between villages participating in the program and those that did not. Concurrent with village selection, SPD identified other community stakeholders, such as line agency officials, women and youth group leaders, and NGO leaders. Sixty-three communities, having a total population of more than 65,000 persons, participated in this initiative.

Stage 2: Platform Building. SPD Community Facilitators first worked with community leaders (i.e., village leaders, women and youth group leaders, government officials and NGO leaders) to plan for and implement activities to strengthen local governance in support of peace. Initially, ACEO focused on training local leaders on topics related to their four key roles and responsibilities: giving clear direction on peace and reconciliation to people in their communities; moving them together in that direction; motivating and empowering them to reach their goals; and, most important, resolving conflicts that occur along the way. Discussions were held on many types and consequences of corruption, focusing on how peace cannot be sustained in environments where corruption thrives. When possible, ACEO training events were conducted in cooperation with the World Bank Kecamatan Development Program (KDP) and included KDP community facilitators as participants.

At the same time, Facilitators worked with community leaders to initiate relationship-building activities, bringing their communities into constructive contact with other, not-like-minded communities. SPD also worked with villages to survey local resources, compiling this information

**Figure 4. Promoting Reconciliation by Bringing Together Not-Like-Minded Groups**
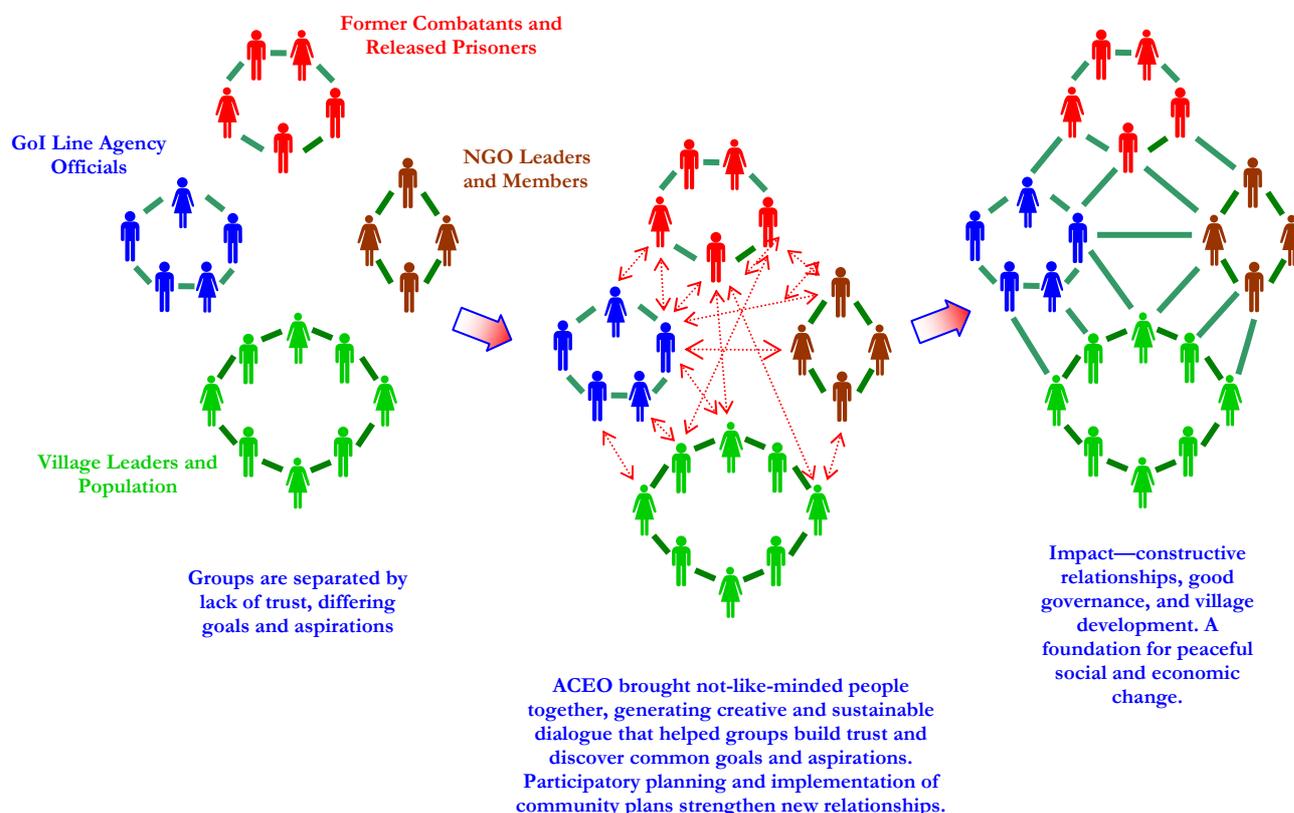
into village profiles. Villages utilized their profiles to formulate long-term development plans that include capacity building and long-term employment generation initiatives. To facilitate more efficient management of local social and economic development, and to enable villages to receive and manage donor funds directly, SPD assisted villages in forming CSOs.

Stage 3: Livelihoods Development. Facilitators worked with village leaders to identify needs and priorities through a process that engaged the entire community, including government officials and NGO leaders. In March 2006, villages established development goals for the year and formulated plans to improve livelihoods and expand economic opportunities. SPD helped support implementation of these plans through the provision of grant awards for long-term employment generating activities and livelihoods initiatives that produced tangible returns to participants.

Strong effort was made to facilitate the transition of former combatants and prisoners from their roles in the insurgency to new roles as productive citizens in a peaceful and stable economy. Community Facilitators worked with these individuals and villages in which they resided to identify potential jobs, design necessary training activities and ensure access to resources to develop new livelihoods.

Community Facilitators and community leaders also ensured that women, youth and other vulnerable groups participated in the decision-making and planning processes and that they also had equal access to ACEO and community resources. In addition, facilitators worked with community leaders to design and install mechanisms to monitor the use of donor and village resources, thereby minimizing the potential for corruption in project implementation.

The project planning and implementation process reinforced the key elements of the overall strategy. First, training activities prepared leaders for community planning exercises that encouraged creative dialogue and helped groups build trust and discover common goals. Second, project design and implementation activities brought together not-like-minded groups, mending torn relationships and giving birth to new ones. Finally, the process facilitated improved governance and sustainable livelihoods development in conflict-affected villages—achievements that provided a foundation for peaceful social and economic change.

### 4.2.2. Formation of Coordination and Facilitation Teams, and Initial Training Events

To jump-start work in the field, SPD facilitated the formation of District Coordination Teams and Sub-District Facilitation Teams comprised of government officials and KPA representatives. Eliciting support for and commitment to the Coordination and Facilitation Teams from local government and KPA representatives was crucial for the start-up of ACEO. To achieve this, SPD conducted numerous informational meetings and presentations with provincial, district and sub-district government and KPA leaders.

The first activity with these groups was a week-long workshop in Medan, North Sumatra, that focused on personal empowerment, leadership and cooperation as necessary tools for assisting villages. Provincial and district GoI and KPA representatives participated in this event. Discussions were also held on the consequences of corruption and how peace cannot be sustained in corrupt environments. This workshop was followed by a similar event in Lhokseumawe for sub-district government and KPA officials. Once there was common understanding among all government and KPA stakeholders as to the principles and goals of ACEO, Coordination and Facilitation Team members attended similarly themed workshops at the village level in a show of solidarity and cooperation.

### 4.2.3. Community Action Plans

Following the successful establishment of the Coordination and Facilitation Teams, as well as the initial personal empowerment and leadership trainings, SPD conducted a village resource survey that served as the basis for efficient management of local resources and assist government, KPA and donors in understanding local development opportunities. After this survey was complete, SPD worked with the Coordination and Facilitation teams to assist each ACEO village in forming and legally registering a village-managed CSO that received funds directly from donor and government agencies.

In July, ACEO communities formulated Community Action Plans using the same process as in CBR. Through a participatory process involving representatives of all key sectors in the village, and with assistance from Facilitation Teams and SPD facilitators, villages discussed and formulated long-term development plans that addressed the needs of all groups in the community. During planning sessions, villagers also discussed mechanisms to monitor the use of donor and village resources. Participation in the planning process helped build trust between villages, government officials and KPA representatives, thereby building a foundation for peaceful social and economic change.

Although the Action Plan development process mirrored that which took place in CBR villages, there were several important differences, including:

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**Strengthening Local Leadership Capacity**
*Personal Empowerment and Leadership Training*

Beginning in 2005 and continuing through March 2006, SPD conducted personal empowerment and awareness training courses (*Operacy*), followed by leadership training courses (*CoOperacy*) for CBR and ACEO village leaders and CSO managers.

In *Operacy* training, participants discovered that peace is a choice, and that there are peaceful and effective ways of perceiving and responding to others. This facilitated a transition from survival to development thinking, and highlighted that peace is a choice that cannot be sustained without effort from all sides of a conflict. More than 1,800 persons participated in *Operacy* training—7,600 person-days of training.

In *CoOperacy* training, participants focused on the roles and responsibilities of leaders working with communities in transition. Participants learned that strong leadership implies mutually enhancing and supportive relationships between all members in the community. They also discussed how sustainable prosperity flows from healthy and productive relationships and peace.

More than 3,600 people received *Operacy* training—13,300 person-days of training.

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- *Government and KPA involvement.* In formulating the CBR Community Action Plans, only villagers and SPD staff played significant roles. In ACEO, government and KPA representatives were involved from the outset. Coordinated and committed government and KPA representative involvement was critical, and ensured that relationships were strengthened.
- *Lack of donor presence in the region.* In both ACEO and CBR communities, the consolidated Action Plans served the same important function of outlining critical community livelihoods and social needs. Yet, in CBR communities, where donor funds abounded, there was less urgent need to articulate village priorities, as the funding was available and easily found. In ACEO communities, a lack of donor programming made the Action Plans a more important tool for communities to court potential local and international funding sources.

In order to gather further information on existing resources and needs in ACEO geographic area, SPD funded the local NGO *Aceh Education Scholar Alliance* to carry out a general education survey in June 2006, in ACEO cooperating villages. SPD also provided support to the International Medical Corps to conduct a general medical and mental health survey starting in late-July 2006. The education and health data helped provide direction to SPD programming in these sectors.

### 4.2.4. Village Community Development Grant Implementation

SPD focused on implementing grant agreements with participating communities. SPD funding supported peace dividend projects in the following thematic areas:

- Small-scale village infrastructure;
- Water and sanitation facilities;
- Agriculture; and
- Animal husbandry.

| Major ACEO Grant Outputs | |
|---|---|
| Community Center | 48 |
| Village Office | 55 |
| Recreation Facility | 33 |
| Small Bridge | 6 |
| Water-Sanitation Facility | 18 |
| Vocational Training (persons) | 507 |
| Cattle (head, in revolving funds) | 1,690 |
| Goats (head, in revolving funds) | 1,565 |

### 4.2.5. Baseline Assessment and Learning Exercises

SPD conducted a five-day baseline field assessment in late May 2006, visiting ten villages and three Facilitation Teams. The results of the assessment highlighted a strong desire among all stakeholders to cooperate through the ACEO program to improve livelihoods in participating villages. While optimism about government and KPA's ability to work together to effect positive change ran high, SPD assessors were repeatedly told that USAID and other donors had crucial roles to play as neutral third parties in ensuring that communication remained open.

The presence of a third party, especially that of donor and other humanitarian organizations, was particularly desired by persons interviewed as it was believed that they would most likely have the capacity and experience to improve social and economic conditions in the village communities. Neither KPA nor local government representatives were confident in their local counterpart's ability to increase economic opportunity, something that was repeatedly mentioned by villages as a key element to sustained peace and prosperity.

An apparent abundance of optimism about the future of the peace process coupled with a wariness regarding the inability of either local government or KPA to address critical local economic and social needs was directly related to the conflict history of the area and the poor economy that characterized it. However, with peace at hand, the government and KPA had to work together, assisting villages to recover from the long running conflict. It was therefore important for both groups to gain the skills required and also to prove their commitment to working for peace and local economic and social development. In this respect it was critical that ACEO Coordination and Facilitation Teams cultivated good working relations in order to achieve meaningful results in ACEO participating communities.

### 4.2.6. Major Events and Activities

SPD brought together government officials, KPA representatives, and community leaders to discuss and address local development issues. SPD met regularly with Kabupaten Coordination Teams and Kecamatan Facilitation Teams to discuss ACEO implementation strategies and budgets for village development grants, and the roles of team members in community development activities. Meetings with government and KPA representatives at the provincial level helped strengthen SPD relations with the same parties at lower levels. In October 2006, SPD participated in a meeting with USAID, former combatants, which enabled a frank exchange of views on the pace and direction of reconstruction in Aceh, and helped strengthen relations between province and district representatives.

The period November 2006 to January 2007 was filled with challenges and opportunities regarding relations between and among ACEO staff members, KPA and government representatives and villagers. Short-term thinking on the part of some parties, perceived sluggishness in program implementation and simple hard-headedness in negotiations and decision making tested the foundation of newly formed relations. Issues with some former combatants participating in ACEO activities (and some who were not actively involved in the initiative) became serious in November, when some SPD Grant Managers and Community Livelihoods Officers were threatened when developing grant proposal budgets in some villages, and Community Facilitators and Field Coordinators were temporarily held against their will in villages following regular planning meetings. While no staff members were physically harmed during these incidents, the events did raise the level of concern among senior staff that events could escalate if action was not taken.

**Figure 3. ACEO Participating Community Locations**



A low point in relations was reached during a meeting between the Bappenas Assessment Team, DAI, USAID, GoI and KPA representatives in late November 2006. In the middle of the meeting, after voicing very critical opinion about ACEO and how it had not addressed the needs and aspirations of KPA members, a number of KPA representatives stormed out of the meeting, declaring they were "leaving the [ACEO] project." (Clearly unplanned and unintentional, the event did give Bappenas representatives a real sense of the difficulties associated with reconciliation and recovery work in Aceh.)

Because of these incidents, and the clearly escalating tensions between various ACEO stakeholders, SPD stopped all activities beginning on 4 December 2007. In a note to SPD staff based in Lhokseumawe, the COP reconfirmed SPD's commitment to staff safety, stating that no employee should put themselves at unnecessary risk when implementing program activities.

During the shut-down period, SPD held meetings with village leaders, government officials and KPA representatives in the SPD Lhokseumawe Office to discuss recent events and how ACEO partners could take action to provide a secure work environment for the duration of ACEO. SPD held no fewer than 14 meetings with stakeholders during November 2006 to January 2007 to facilitate resolution of critical issues.

SPD was clear in the meetings that the break in activities was taken due solely to security concerns, and that SPD looked to all stakeholders to provide a secure work environment. Discussions focused on steps ACEO stakeholders—as a group—could take to provide security. SPD also made it clear to meeting participants that they should conduct meetings in ACEO villages to discuss options and actions to be taken in each project area. SPD suggested that meetings should include participation of village leaders, *mukim* officials and sub-district government representatives. SPD also expressed in these meetings its commitment to continuing to work with all stakeholders.

Following sub-district and village-level discussions, stakeholder representatives reported back to SPD on actions they would take, and made assurances that the work environment would enable effective and efficient implementation of project activities. After hearing from stakeholders, SPD

re-assessed the security situation in each district, and restarted operations in Bireuen and Madat on 22 December 2006 and in other locations the following week.

While these events and the shutdown of operations slowed village grant development and implementation by more than one month, it provided opportunity for ACEO stakeholders to use new conflict mitigation and resolution skills to solve an important security issue. By pushing village and government leaders to work with former combatants to resolve issues related to expectations over the allocation of ACEO resources, SPD was able to increase local ownership of and engagement in ACEO. The end result was positive: conflicts were resolved and security improved, all accomplished by ACEO stakeholders with SPD staff members playing only a light facilitation role.

## Figure 5. Building Local Capacity to Support and Sustain Peace

To achieve its objectives SPD employs a cluster-based approach that builds a critical mass at the village level to shape governance performance and practices at the sub-district level and thereby promote and sustain peace. Leadership and management training are the most important components of SPD community-driven initiatives. The SPD training package comprised several modules to build strong leadership and management capacity, providing training and support to leaders at several levels of society. Formal training events and field-based mentoring prepares participants to assume greater responsibility for and control over their actions and increases their capacity to empower and develop their communities.

### *Leadership Training*

**1. Operacy**
**Personal Empowerment & Awareness**

*119 Villages*
*8 District & Sub-district Groups*
*4,271 Persons Trained*

↓

**2. CoOperacy**
**Transformational Leadership**

*91 Villages*
*8 District & Sub-district Groups*
*2,618 Persons Trained*

↓

**3. Participatory Planning**

*119 Villages*
*3,428 Persons Trained*

**4. Communication & Facilitation**

*8 District & Sub-district Groups*
*51 Persons Trained*

**5. Conflict Mgmt & Resolution**

*8 District & Sub-district Groups*
*56 Persons Trained*

### *Management Training*

**1. Basic Grant Project Management**

*119 Villages*
*110 Village-led CSOs*
*304 Persons Trained*

↓

**2. Managing Local Resources for Development**

*114 Villages*
*98 Village-led CSOs*
*290 Persons Trained*

↓

**3. Intermediate Finance & Accounting**

*15 Village-led CSOs*
*27 Persons Trained*

## 4.4. Children for Peace

Engaging children in ACEO was critical to its overall success and to the sustainability of peace in Aceh. Children were introduced to and became active participants in ACEO, and more broadly in the peace process underway in Aceh, through the Children for Peace project. The goal of this special project was to facilitate a process that brought together parents and educators to develop among children a mindset and skills that would prepare them to become the future leaders and stewards of peace in Aceh.

The project exposed primary school students to simple, practical ways to work more effectively with their peers and to resolve conflict peacefully. These skills were introduced through formal training events and reinforced by active participation in project activities such as tree and flower planting to improve the school environment, and dance and sports competitions.

Outputs of this project included improvements in the physical learning environment in all participating schools through the rehabilitation of basic infrastructure. In addition, the project strengthened the cohesiveness of participating school committees and increased student ability to reason about new decisions they will have to take as adults. The project tapped into the leadership potential of these youths, thereby enhancing the sustainability of current peace building and reconstruction efforts.



Personal empowerment training for students, Children for Peace project.

Beneficiaries of the project included teachers and students, as well as the families of these students, and other residents of participating ACEO communities. In addition, the Department of Education in participating districts gained by obtaining a tested model for student leadership development that they might implement in other locales.

### 4.4.1. Project Activities

In April-May 2006, SPD held discussions with Kabupaten Coordination and Kecamatan Facilitation Teams about the potential for and objectives of the project. SPD also held discussions with USAID on the appropriateness of project activities and their relationship with broader ACEO and USAID objectives in supporting the peace process, and appointed a staff member as Project Coordinator.



Students plant flowers to beautify school grounds, Children for Peace project.

In July 2006 SPD obtained approval and support for this initiative from Department of Education and sub-district authorities in Bireuen, Aceh Utara, Kota Lhokseumawe and Aceh Timur. USAID clarified that MIN schools (schools with a religious affiliation under the purview of the Department of Education) could participate in the project on 15 August 2006. With a firm list of 48 participating schools, SPD began work with them to draft grant proposal components and began to prepare materials needed for project startup. Grant proposals were finalized and submitted for approval to USAID in October 2006. The total value of Children for Peace grant awards was $154,000.

Grant funded activities started in November 2006, with a five day personal empowerment training event for teachers from each school (95 total participants), held in Lhokseumawe. The training was very well received by the teachers, with many remarking that the lessons learned would be very useful in their daily work. Others stated that it was the most useful training they had been part of for many years, testimony to the isolation felt by those in this heavily conflict-affected area. With teachers full of energy and optimism from participating in the training event, it was unfortunate that SPD could not proceed with planned school-based activities due to security concerns in the project area. As with other ACEO activities, the Children for Peace project was stopped for much of December due to security concerns.

In January 2007, after security improved and field work could recommence, SPD facilitators worked with teachers and Kecamatan Facilitation Teams to conduct personal empowerment training for school parent-teacher committee members. Approximately 10 persons attended the training at each school (480 total participants). Following these training events, SPD helped each school to make preparations for personal empowerment training for 4th, 5th and 6th grade students. More than 4,300 students participated in these events, conducted in February 2007.

In February and March 2007, schools completed basic rehabilitation projects as planned. All construction activities were quality-checked by SPD engineers. In addition, teachers assisted students as they planned extracurricular activities to be funded by SPD. Students allocated their funds to a broad range of activities, including dance and art competitions, vegetable and flower gardening, memory and calligraphy contests, and sports events.

During project implementation, SPD encouraged participants to contribute support to training and rehabilitation activities. In many cases, parents, teachers and students responded very positively, providing labor and cash to support and expand their activities—in some cases, local cash contributions matched funding provided by SPD.

### 4.5. ACEO Major Issues and Challenges

Beyond the normal challenges and issues that can arise when implementing community development activities—which can cause delays in established schedules—SPD faced several constraints in implementing grant awards and other ACEO activities. The major issues were largely the same as though experienced in CBR, especially concerning: CSO management capacity; quality control (assets); CSO transperancy and accountability; linking CAPs with national planning efforts; and staff departures and motivation. (Please see section 3.5 for more details.) Challenges unique to, or more concentrated in, ACEO villages are presented in this section.

> **ACEO Success Story: Village-led CSOs Prepare to Manage Local Development**
>
> As they concluded their work under an SPD grant to provide training to village-led CSOs, INPROSULA (an Indonesian NGO based in Yogyakarta that has long history working in many areas of the country) stated that the process of forming community-owned and managed CSOs was a very positive approach to helping the community. They noted that other international NGOs did not have a clear phase out strategy. The USAID strategy of forming and strengthening village-led CSOs was good as it leaves behind an organization that can continue to lead and support village planning and development into the future.
>
> INPROSULA also stated that the timing for their training course was ideal, because participants have had much experience implementing projects under the ACEO initiative. Now, the CSOs can see more clearly what they must do to improve, and where they want to go in the future. It was also easier for them to connect lessons from the training to their own experience and plans for the future.

*Community Action Plan Development Process*
The lessons learned through the implementation of this process have been applied to Community Action Plan development in ACEO, where 59 plans were completed in about six weeks, including

associated training events. (At the same time, it should be noted that the work environment in ACEO is more conducive to planning as there are no other donors active in these villages, leaving community members more free to focus on participating in and completing all planning tasks.)

*Former Combatant and GoI Engagement*
In the first months of ACEO implementation, both GoI (Pemda) and former combatants were actively involved in start-up activities. Coordination Teams and Facilitation Teams were fully engaged in training and team-building exercises that led to the establishment of common vision, mission and development principles statements. In mid-2006 however, Coordination Team members (former combatants and especially, Pemda) became noticeably less enthusiastic about attending monthly meetings. In contrast, Facilitation Team members (former combatants and Pemda) remained fully engaged and continued to participate in community training and planning events, and Children for Peace activities.

Former combatants expressed growing frustration with the lack of government (and donor) support and progress in improving their livelihoods. Most former combatants remained unemployed. Although SPD made no promises regarding livelihoods assistance to them, former combatants, especially those who were not involved directly with ACEO, felt that ACEO had let them down. They requested that USAID provide them financial support beyond what was provided through participation in training (travel and meal allowance) and to a broader group of people than was planned. If assistance was not forthcoming, some former combatants stated that they would withdraw their participation in ACEO Coordination and Facilitation Teams. At the same time, they indicated they would not prevent ACEO staff from working with Pemda and ACEO communities.

As a result, SPD faced the serious challenge of maintaining active Government and KPA member support for ACEO. SPD addressed this issue by working to improve communication between ACEO and these groups by providing Coordination and Facilitation teams with complete, accurate and standard format reports on ACEO processes and activities. SPD developed stronger relationships with local government or Pemda and former KPA members by facilitating more frequent informal visits to ACEO beneficiary villages.

## 5. Baitul Qiradh Pemuda Muhammadiyah Institutional Development Initiative

### 5.1. Background

Soon after the December 2004 natural disaster, USAID provided support to the Baitul Qiradh Pemuda Muhammadiyah (BQPM) microfinance institution to help it re-establish operations in Banda Aceh. BQPM received grant funding of $48,700 to purchase office equipment and support operations. The majority of the funds were used to extend loans valued at nearly $33,000 to small market traders in the city of Banda Aceh and surrounding area.

> **USAID-Microsoft Private Sector Partnership**
>
> USAID and Microsoft Corporation signed a MOU in November 2005, in which Microsoft Corporation pledged $200,000 for the institutional development of Baitul Qirath Pemuda Muhammadiyah (BQPM), located in Banda Aceh.
>
> SPD disbursed more than $199,993 on this initiative.

In August 2005, SPD conducted an assessment of BQPM and the micro-credit market in Banda Aceh. SPD determined that BQPM had strong potential for growth and a solid reputation among potential clientele. Assessors also found that the market for micro-credit in Banda Aceh was particularly strong. At the same time, BQPM staff members lacked skills in a number of technical areas, including strategic, financial and credit management, and information systems. The assessment concluded that only after BQPM's institutional capacity was sufficiently developed

could additional funds for portfolio capitalization and equipment purchases be used effectively. Following the assessment, SPD and BQPM began formulating a strategy to strengthen BQPM's capacity to provide loans to small local businesses.

In November 2005 USAID and Microsoft Corporation signed a MoU that expressed their common goal of "supporting the Baitul Qiradh Division of Pemuda Muhammadiyah Nanggroe Aceh Darussalam with the reconstruction of the economy through accessibility of micro-financing for the Acehnese, particularly for especially vulnerable individuals, including women." The MoU dedicated $200,000 of Microsoft funds solely to portfolio recapitalization and capacity-building within the institution while USAID supported the administrative and operational costs associated with SPD's implementation of the initiative.

## 5.2. Technical Assistance Strategy and Developments

Once the MoU was signed, SPD initiated start-up tasks that provided a foundation for subsequent capacity strengthening activities. Most importantly, in December 2005 SPD conducted a comprehensive business planning exercise with BQPM staff. Facilitated by a microfinance specialist, the three week process resulted in: (1) a strategic plan outlining the mission, objectives, and strategy of BQPM; (2) an operational plan describing activities and resources needed to take BQPM from its current position to one of sustainability by 2010; and (3) a financial plan, including the funding needed to implement the operational plan and the anticipated financial projections.

As advised by the micro-finance specialists who carried out the August 2005 BQPM assessment and December 2005 business planning exercise, SPD and BQPM contacted Permodalan Nasional Madani (PNM), a national secondary cooperative of financial cooperatives, to discuss support that they might provide to BQPM. PNM has a solid reputation and an excellent track-record of microfinance work across Indonesia. Through membership in PNM, BQPM would have obtained a package of critical training and capacity-building technical assistance for their staff. With this in mind, SPD actively pursued membership for BQPM in PNM.

However, despite PNM's good national reputation, its newly established Aceh branch proved unable to provide a timely proposal for addressing BQPM's needs. Although SPD and BQPM met with PNM management on numerous occasions to finalize a BQPM membership package, PNM was unable to respond quickly with a proposal to move forward. SPD discussions with organizations operating in Aceh suggested that PNM Aceh was simply overwhelmed with on-going tasks. Upon learning this, and following months of little progress toward membership and no clear indication that PNM would be able to provide necessary support, BQPM and SPD began searching for alternatives in May 2006. Given the importance of institutional strengthening activities at the core of this initiative, it was crucial that all technical training and loan management software be in line with international best standards and be supplied to BQPM in a timely manner.

In July 2006, SPD awarded a grant to the Microfinance Innovation Center for Resources and Alternatives (MICRA) to provide technical assistance to BQPM to assist it in meeting Business Plan targets. MICRA provided training, consulting and other services in the following areas:

- Performance ratings and needs assessments;
- Credit risk management;
- Financial product review and design;
- Accounting and financial management;
- Standard operating policies and procedures;
- Management information systems; and
- Human resource management.

### 5.2.1. Assessing Progress

MICRA's first task was to conduct an assessment of BQPM operations. The results of this assessment, completed in August 2006 (using data as of end June 2006), were matched against SPD milestones for BQPM institutional development. Generally, MICRA found that BQPM was on target for continued funding, having met or exceeded most milestones required for SPD to release portfolio funding. BQPM's main weaknesses remained in the areas of portfolio quality and MIS development.

Following on the August assessment, MICRA carried out a client satisfaction survey (September 2006) and trained loan officers on delinquency management (October 2006). MICRA also discussed and made plans with SPD and BQPM for additional technical assistance regarding: (1) human resource and operations management; (2) basic accounting, financial, and credit analysis trainings; and (3) installation of a management information system and accompanying training.



Operations Manager finalizing
BQPM Standard Operating Procedures

In November 2006 SPD and BQPM designed a third and final grant agreement supported by Microsoft funding comprised of activities that addressed priority needs identified by MICRA. Much of the financial assistance committed in this agreement was used to build BQPM's loan portfolio; funds were also used to hire additional staff and to strengthen institutional capacity through management and technical skills training.

The agreement divided the delivery of portfolio capital funds into four tranches, stipulating that each tranche be released only after BQPM reached milestones and performance targets set forth and agreed to by BQPM and SPD in collaboration with MICRA. SPD disbursed the first tranche of $27,382 in December 2006.

### 5.2.2. February 2007 Audit

In February 2007, MICRA conducted its second audit of BQPM (using data as of end December 2006). The audit report highlighted two critical issues that represented major challenges to this initiative as it moved forward: first, the commitment of BQPM directors, senior management and technical staff to develop BQPM into a reputable financial institution; and second, the very serious loan delinquency crisis facing BQPM. Less than ideal senior staff commitment resulted in ineffective management and poor implementation of new processes which, in turn, led BQPM into its loan delinquency crisis.

MICRA found that 95 percent of all BQPM loans were at risk (i.e., more than 30 days in arrears). Furthermore, 69 percent of all loans were more than one year in arrears. That a large number of loans were more than a year in arrears was known since the August audit, at which time BQPM was advised to write-off these loans. BQPM was also advised to set aside provisions for potential losses stemming from these loans. At the time of the audit, BQPM had taken no action on these issues (resulting in inflated asset statements). Loan delinquencies of those levels threatened the viability of BQPM. Indeed, MICRA found that the financial sustainability of BQPM had fallen to just 12 percent in December from 29 percent in August. This was far short of the second tranche milestone of 45 percent for this indicator. While this situation was a cause of concern, it is important to note that such conditions were not confined to BQPM—many other micro credit organizations in Aceh were similarly challenged by sustainability issues.

This situation was largely the result of less than ideal leadership and guidance within BQPM. Decisions on how and when to write-off poorly performing loans, and guidance on formulating and implementing new systems and procedures must come from directors and senior managers. From the outset of the program to early 2007, they had been unable to provide the decisions and guidance needed to improve BQPM capacity and sustainability. As they were all involved in a range of activities within the larger parent organization, they had limited time to spend on BQPM issues. Strong commitment was required to encourage staff members to increase their dedication to daily tasks and implement new processes necessary to improve BQPM (including design and implementation of policies and procedures for the collection or refinancing of loans). As was the case with organization sustainability, it is important to note that inadequate leadership was problematic in a number of organizations in Aceh due to the many impacts of the tsunami and long-running conflict.

Another important cause of the delinquency crisis was poor analysis of risk associated with new borrowers. BQPM staff reported that pressure to expend donor funding had led them to hurry their analyses, leading to errors in assessing risk and provision of loans to high risk ventures. Other factors included lack of effective management information systems and a perception among borrowers that BQPM loans were really grants.

Additional findings of the February audit are presented below (summarized from the MICRA report "Preliminary Findings and Recommendations").

*Major Findings and Recommendations*
A. *BQPM is experiencing a severe delinquency crisis, with 95% of all loans greater than 30 days in arrears. No further funding should be provided to BQPM until they have hired a qualified Credit Manager and provide strong oversight to credit and collections staff;*
B. *BQPM should not make new loans (they have high liquidity levels from past funding) and focus on decreasing delinquency levels by recovering funds from existing loans;*
C. *All future technical assistance should be oriented to pulling BQPM out of its delinquency crisis. Key areas for technical assistance include installing a proper MIS, formal and informal training for loan officers, and assisting financial staff to conduct necessary write-offs; and*
D. *The 5-year business plan prepared with USAID assistance is not being used as a management tool, and has not been elaborated into annual plans. BQPM should develop immediately a new business plan which establishes an achievable "turnaround process" that includes hiring experienced personnel for all posts. BQPM's board and senior management must lead this process, but will need technical assistance to ensure that a comprehensive plan is developed.*

*Major Challenges*
1. *BQPM governance is not fully effective. For a variety of reasons, board members and senior management are not fully committed to BQPM and fail to provide effective guidance and direction to the institution;*
2. *BQPM management staff lack skills needed to effectively manage and lead the institution to its goals and targets. Decision making is overly centralized, and typically slow, uninformed, and unresponsive;*
3. *BQPM is not adequately staffed and existing staff do not have the skills needed to effectively carryout their tasks. Client service is weak;*
4. *BQPM is heavily reliant on USAID funding and does not have a strategy for financing itself when these donor funds are exhausted;*
5. *BQPM has not established internal control processes. Control over client information is incomplete and data therefore must be considered suspect. Staff post transactions without verification or oversight by other staff members; and*

6. *BQPM accounting policies and procedures are not in full compliance with Indonesian accounting norms. Data on expenses related to loan loss provisioning and loan loss reserves are not recorded, leading to overstatements of profitability. Loan losses are not written off, leading to overstatements of assets.*

Responding to audit findings, BQPM completed several important tasks during February to April 2007. In May, MICRA re-assessed BQPM's progress leading to SPD authorization of the release of second tranche funds (approximately $27,700). BQPM made good progress on several important tasks and was on a path to stronger institutional capacity and sustainability.

## 5.3. BQPM Major Issues and Challenges

Leadership by and commitment of BQPM directors and senior managers was a particularly important challenge to this initiative, as it was to other organizations working with micro credit groups in Aceh. SPD assisted BQPM staff members to develop a business plan; facilitated the implementation of training events for them; paid salaries in order to free staff from daily loan collection duties so they might focus on implementing new policies and procedures; and provided funding for new loans. This range and depth of support provided some stimulus and



A BQPM borrower and street vendor displays stock

incentive among participants to become active in developing their organization. More active leadership from the top was needed to further motivate rank and file staff members to change. Strong leadership was required to generate the cultural change within BQPM that was, and remains, needed to develop its institutional capacity.

It is important to recognize that BQPM was heavily reliant on USAID funding. At the same time, donor funds alone cannot improve BQPM operational or financial sustainability. Again, lack of effective leadership and management—and associated poor implementation of new strategies, policies and procedures—pushed BQPM into crisis. As critical issues were resolved, BQPM turned its attention to questions of how it would function at the conclusion of its partnership with USAID and Microsoft. For example, would it be a membership-based cooperative or a private company?

> *I'm able to apply many concepts learned in personnel empowerment and leadership training to real life, including my work at BQPM. Even though everyone has a different role in the organization, we are all interdependent and we have to work together to achieve our goal of making BQPM a successful organization.*
>
> Rahmadna, BQPM MIS Staff

Given the challenges facing BQPM, SPD focused effort on three main areas of work: (1) motivating BQPM leadership and staff; (2) installation and customization of an MIS accounting software package; and (3) contracting of a technical advisor to support BQPM in meeting business targets and help it increase its overall organizational capacity.

*Motivating BQPM Leadership.* SPD discussed with BQPM senior management the roles and responsibilities of its leaders, particularly in regards to the implementation of new policies and procedures. BQPM managers renewed their commitment to leading the organization according to its goals and objectives. In mid-April 2007, as part of SPD's approach to empowering BQPM management, SPD facilitators conducted a three day personal empowerment and leadership

training event. All BQPM staff participated in the training event—including senior management and board members.

*MIS Accounting Software.* In April, after detailed discussions with MICRA, BQPM selected and purchased an integrated MIS accounting software package designed by P.T. USSI, a Jakarta-based firm with technical support officers located in Banda Aceh. (The same package was used by over 70 microfinance institutions in Aceh, including several Sharia-based cooperatives.) With a newly installed Local Area Network (LAN) in the BQPM office, multiple users were able to access the accounting software to maintain the accuracy and completeness of all client accounts. Participation in the customization of the system and in training on its use (completed in May 2007) improved the capacity of BQPM staff. The new accounting system, internet access and associated training encouraged tighter internal controls, streamlined loan management and facilitated proper financial accounting practices.

*Technical Advisor.* On 9 May 2007, a technical advisor (contracted through MICRA) began work with BQPM. His assignment was scheduled to conclude in mid-September. The advisor, working daily with BQPM, mentored staff, increased accountability of loan management and repayment practices and encouraged greater commitment of all BQPM staff members (including board members and senior management). In addition, the technical advisor was responsible for:



Accounting staff member learn how to use the new PT USSI accounting software

- Recruitment of a qualified Credit Manager to supervise five loan officers and oversee the expansion of BQPM's client base;
- Overseeing BQPM efforts to follow and update its business plan, and establish realistic goals and targets;
- Providing direction in the implementation of new procedures, such as operations manual and internal control guidelines ;
- Helping address loan delinquency issues by focusing on developing skills and strategies needed to prevent delinquencies; and
- Assisting BQPM senior managers in the design of a loan write-off strategy.

Progress was evident in all aspects of the organization. Senior managers and staff were more proactive in taking on issues and challenges confronting BQPM. Procedures, policies and systems were clearer and put into practice in important aspects of BQPM work, including general organization, administration, and portfolio management and financial accounting. These and other signs of progress grew largely from the efforts of BQPM leaders and the work of the Technical Advisor. They gave hope that SPD inputs were facilitating the strengthening of BQPM, preparing it for a more significant role as a provider of credit services to local clients.

## Table 2. BQPM Milestones and Performance

| Indicator | Aug06 Audit Results (BQPM data as of end June06) | Tranche 1 Requirement 13Nov06 | Feb07 Audit Results (BQPM data as of end Dec06) | Tranche 2 Requirement 24May07 | Tranche 3 Requirement Planned Aug07 | Tranche 4 Requirement Planned Sept07 |
|---|---|---|---|---|---|---|
| **Profitability** | | | | | | |
| Operational Sustainability | 41% | 35% | 40% | 55% | 80% | 110% |
| Financial Sustainability | 29% | 25% | 12% | 45% | 70% | 100% |
| **Portfolio Quality** | | | | | | |
| Portfolio at Risk > 30 days | 80% | 10% | 95% | 8% | 6% | 4% |
| Full provisioning for losses based on aging of arrears | None made, significant provisions needed | | None made, significant provisions needed | | All necessary provisions made | All necessary provisions made |
| Write off all bad loans > 1 year in arrears | None made, significant write offs needed | | None made, significant write offs needed | All necessary write offs made | All necessary write offs made | All necessary write offs made |
| Cumulative Write offs | None made | 2% | None made | 2% | 2% | 2% |
| **Efficiency** | | | | | | |
| Operating Efficiency | 31% | 35% | 29% | 30% | 28% | 25% |
| Loans per Loan Officer | 129 | 80 | 80 | 100 | 120 | 140 |
| **Outreach** | | | | | | |
| Women as % of clientele | 23% | 30% | 23% | 35% | 35% | 35% |
| Average loan size | 915,000 IDR | 1.5 million IDR | 1.4 million IDR | 1.8 million IDR | 2.0 million IDR | 2.3 million IDR |
| **Institutional Capacity** | | | | | | |
| 3 year business plan with budgets and financial projections developed | Complete | Complete | | | | update plan and targets |
| Business plan used as management tool, actual performance tracked against planning targets | Not complete | Complete | Not complete | Complete | Complete | Complete |
| MIS system operational, producing accurate reports on timely basis | Not complete | Complete | Not complete | Complete | Complete | Complete |
| Computerized accounting system operational, based on Indonesian accounting standards, producing accurate reports on timely basis | Not complete | Not required | Not complete | Complete | Complete | Complete |
| Operational and Administrative Policy Manuals complete, socialized to staff | Not complete | Not required | Not complete | Complete | | |
| Job descriptions and staff contracts developed, signed by staff and on file | Not complete | Complete | Complete | Complete | | |
| Effective staff incentive and evaluation system developed and in operation | Not complete | Not required | Not complete | Not required | Complete | Complete |
| Internal control systems documented & functioning | Not complete | Not required | Not complete | Complete | Complete | Complete |
| Legal status issues resolved | Not complete | Not required | Complete | Not required | Complete | |
| Staff training goals met for period | Not complete | Complete | Complete | Complete | Complete | Complete |
| External audit performed | Not complete | Not required | Not Complete | Not required | Not required | Complete |
| **MICRA RECOMMENDATION** | **RELEASE FUNDS** | | **DO NOT RELEASE FUNDS** | | | |

**Shade = Milestone not attained**

## 6. Mobil-Cepu Initiative

### 6.1. Phase I—Program Design

ExxonMobil, as operator of the Cepu Block in Central and East Java, expressed commitment to funding a community development program in the area affected by Mobil Cepu Limited (MCL)-Pertamina Cepu operations. To ensure that MCL-Pertamina funds are used to maximum effect and with the greatest possible transparency and participation of local communities, ExxonMobil requested the assistance of USAID in designing a strategy for community development that incorporates the highest human rights standards and industry best practices. USAID requested that DAI, through the Support for Peaceful Democratization Program (SPD), take the lead in designing this strategy.

From December 2006 to March 2007, DAI implemented a series of activities that resulted in a plan for a five-year Cepu Area Community Development framework. The initiative builds on the assets and aspirations of communities likely to be affected by Cepu operations and supports long-term economic growth and development in these locales.

The design team was formed and mobilized to the Cepu area in January 2007. Team members first met with key ExxonMobil personnel in Jakarta and Cepu to gather important information about ExxonMobil's mission, vision and community development approach. The team then worked with ExxonMobil to identify key stakeholders—local government representatives, business and community leaders, civil society organizations, and media outlets—in the three focus districts in which ExxonMobil had already begun start-up operations and land acquisition activities. By the end of January, the assessment team had completed field studies and compiled a draft report of their findings. These findings were synthesized into a final consolidated report and presented to ExxonMobil and USAID on 23 March 2007.

### 6.2. Phase II—Program Start-up

Following delivery of the Cepu Area Community Development (CACD) framework in March—since renamed "MCL Community Development Program" (MCL CDP)—ExxonMobil proposed that DAI implement a Phase II start-up effort to initiate MCL CDP activities during an approximate six-month period ending in November 2007. USAID and ExxonMobil negotiated an extension of their original MoU in April and May, completing final plans and preparations for this engagement in June. The kick-off meeting was held on 27 June at ExxonMobil.

> **USAID-ExxonMobil
> Private Sector Partnership**
>
> **MCL CDP Phase II Outputs**
>
> <u>Output 1</u>: Social and economic baseline data of Tier I, II and III villages, clear understanding of local needs, priorities, opportunities and expectations.
>
> <u>Output 2</u>: Strengthen relations with stakeholders in the MCL CDP area.
>
> <u>Output 3</u>: Clear role and responsibility statements for the Community Development Advisory Committee.
>
> <u>Output 4</u>: A list of partners for delivering key inputs throughout MCL CDP and recommendations on how to structure partnerships.
>
> <u>Output 5</u>: Final MCL CDP implementation plan

The objective of Phase II was to collect data and design structures necessary to support the longer term community development program—that is, to build a platform from which MCL CDP can be launched. Phase II comprised three stages to be implemented in overlapping periods. The first stage focused on discussions between ExxonMobil and senior SPD staff regarding the Phase II approach and implementation plan, and initial survey and data collection efforts in the MCL CDP area. Information collected and decisions made during this stage established a foundation for subsequent Phase II activities.

MCL CDP - Village Survey
Village Population - Families
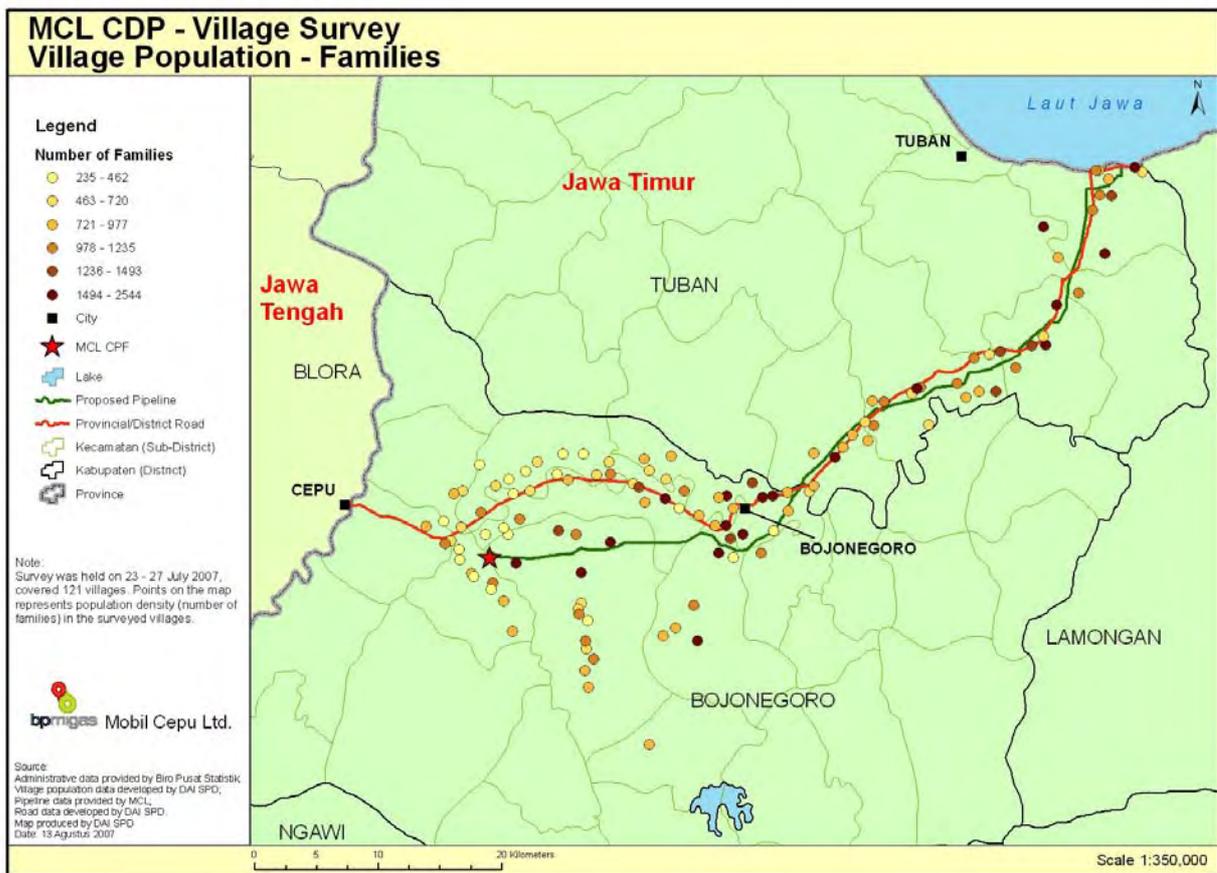
The first step in the data collection process was taken in late July 2007. Working with six students from Bojonegoro University, DAI surveyed 121 villages in Tuban and Bojonegoro Districts of East Java. The purpose of the survey was to gain insight into local resources available for development and to collect data to facilitate selection of MCL CDP villages. Information collected during the survey included:

- Baseline demographic data;
- Names of village-based organizations and active local NGOs and their leaders;
- Village infrastructure resources and community access to key resources; and
- Spatial data to enable mapping of villages and their resources.

Second stage activities continued through October 2007and were implemented almost entirely in the MCL CDP area. Focus group discussions, workshops and training events were held with a range of individuals, including village leaders, NGO managers, business leaders and government officials. These activities brought together ExxonMobil personnel and local stakeholders, a process that encouraged creative dialogue, strengthened relationships and revealed common goals.

## 6.3. Phase II+—Follow-on Programming

In November 2007, USAID and EMOI agreed to extend the MoU in order to bridge the gap between the design and initial start-up phases of the longer term community development program, and EMOI's commitment to and implementation of the MCL CDP. SPD was tasked with two important activities to further development relations with local stakeholders: [1] Conduct a targeted assessment of local NGOs in the MCL impact area; and [2] provide Personal Empowerment and Leadership trainings for select local NGO, university and government representatives.

### 6.3.1. NGO Assessment

In March 2008, SPD contracted five experienced Indonesian consultants to conduct a targeted assessment of NGOs in the MCL impact area—Blora, West Java, and Bojonegoro and Tuban, East Java. EMOI instructed SPD to focus NGOs doing work related to the their three CSR pillars—health, education, and economic development. EMOI also decided that the consultants should not meet with NGOs that were purely advocacy or media-oriented. Therefore, from an initial list of upwards of 120 NGOs compiled by EMOI and SPD, 60 NGOs were chosen as targets of the assessment.

The consultant team was in the field for two weeks in March 2008. Of the listed 60 NGOs, the team found 11 NGOs were either inactive or refused to be part of the assessment. Interviews consisted of at least two representatives from each NGO, and consultations with beneficiaries, where possible. The team focused on seven main elements: governance; management practices; human resources; financial resources; service delivery; external relations; and sustainability.

SPD delivered the complete report consisting of an executive summary, assessment tools used, and individual NGO assessments in April 2008.

### 6.3.2. Personal Empowerment and Leadership Training

SPD contracted the local Jogjakarta-based NGO InProSuLa to conduct five trainings—three Personal Empowerment and two Leadership trainings—in Blora, Bojonegoro and Tuban. Over a two week period in March 2008, InProSuLa trained 144 NGO, university and government representatives. Trainings in Tuban and Bojonegoro were opened by the newly elected regents (district heads), who were very impressed by EMOI's commitment to engaging local communities and government, and looked forward to working with EMOI's community development program.

### 6.4. National Issues

The October 2004 inauguration of the Yudhoyono government created fresh impulses and opportunities for structural reform of the security sector and other policy areas related to conflict resolution. Most significantly, the new Minister of Defense, Juwono Sudarsono, proposed wide-ranging reforms to the command hierarchy of the armed forces and the military's financing system. Both areas are essential elements of establishing democratic control over the military. The Minister demanded that Tentara Nasional Indonesia (TNI) Headquarters be fully subordinated to the Department of Defense and that a state-owned holding company be formed to take over military businesses. He actively sought the cooperation of civil society leaders, think tanks and universities in order to draft a blueprint for the restructuring.

The December 2004 tsunami had a tremendous impact not only on local communities in Aceh, but on civil-military relations as well. The disaster exposed structural military weaknesses, opened Aceh to international scrutiny and sparked renewed peace negotiations with the separatist movement, GAM—something most TNI officers opposed. On the other hand, the collapse of civilian administrations in much of Aceh also provided the military with an opportunity to strengthen its grip on many areas outside of the capital Banda Aceh, the operation center for the humanitarian response.

In the first month after the disaster, institutional deficiencies of Indonesia's armed forces became strikingly evident. Designed as a "people's army" that relies on tactics of mass mobilization rather than on high-tech equipment, TNI was incapable of providing food, medicine and other humanitarian support to tsunami-affected communities. The Indonesian military was completely overwhelmed by the task of establishing a basic post-tsunami logistics network, having, for decades, neglected its air force and navy in favor of a land-based territorial command. In seconds, the tsunami revealed the system to be outdated, ineffective and instable.

Critics had pointed to these weaknesses for some time. After 1998, pro-reform military observers demanded that TNI modernize its doctrine and organizational structure. The traditional territorial approach, developed and institutionalized in the 1950s, had facilitated the military's involvement in economic and political affairs, but was ill prepared for the challenges of modern defense management. The critics argued that resources used to maintain TNI's infrastructure in the regions should be concentrated to develop Indonesia's armed forces as a modern military with rapid deployment facilities and multi-service bases. Such a concept would not only remove TNI from its problematic involvement in illicit fund-raising activities, but also allow it to respond more professionally to security crises.

Lack of financial resources and political will have been the biggest impediments to reforming TNI since 1998. Amidst pressing economic concerns, the restructuring of the armed forces was not seen as an immediate priority. The extent of the recent catastrophe, and the capacity deficit highlighted by TNI's response to it, triggered new debates, however. President Yudhoyono publicly acknowledged that the military needed to review its strategic priorities, and called for the strengthening of the air force and navy, in particular. His remarks opened the door for more detailed discussion on comprehensive reform of the armed forces. Since 1998, USAID had supported efforts for the de-politicization, modernization and professionalization of the armed forces. In light of these developments, USAID's partner organizations developed new initiatives for promoting military reform that USAID could support.

Building on the achievements of previous programs, SPD engaged in three major areas of reform: first, the creation of new legislation aimed at subordinating the armed forces firmly under democratic mechanisms of civilian control; second, increasing transparency in military financing; and, third, capacity-building efforts to empower civilian officials to exercise better oversight over the armed forces.

*Legislation*
SPD took advantage of the appointment of the respected academic, Juwono Sudarsono, as Minister of Defense under President Susilo Bambang Yudhoyono. Immediately after taking office in October 2004, Juwono launched new initiatives to reform the armed forces. Dissatisfied with the existing legal instruments of his Department to effectively control the military, Juwono set out to draft new legislation that would place the armed forces firmly under the Ministry of Defense. Previous efforts to strengthen the Department of Defense vis-à-vis the Armed Forces had achieved nominal success but had not led to the clear subordination of military headquarters.

SPD supported the civil society organization Propatria to submit its suggestions for new defense-related legislation to Juwono's Department. Propatria's Working Group on Security Sector Reform consisted of prominent academics with expertise in security and defense, and had successfully promoted legislative initiatives in the past. The group produced a draft for a new law on defense and security that would not only subordinate the armed forces under the Department of Defense, but also improve the cooperation between the police and the military in resolving communal violence. The Department endorsed most of Propatria's inputs.

Propatria also continued to provide input to government agencies on evolving draft bills, such as:

- Draft Bill on Witness and Victim Protection;
- Draft Bill on Military Tribunals;
- Draft Bill on Freedom to Obtain Public Information;
- Draft Bill on State Secrecy; and
- Draft Bill on State Intelligence.

*Military Financing*

Indonesia's military has been chronically under-funded, forcing its officers to raise funds on their own in order to cover operational expenses and supplement meager salaries. In conflict areas, this has often led to problems with military commanders and soldiers exploiting communal tensions for rent-seeking purposes and engaging in various aspects of lucrative conflict economies. Juwono pledged to better regulate the economic activities of military businesses and foundations, registering and ultimately placing them under the control of the state. SPD supported the Indonesian Institute to set up a working group that assisted in the transfer of military businesses to the government by providing advice on the political, economic and legal implications of Juwono's plans. The group worked on an inventory of military businesses and a proposed presidential decree that would arrange their transfer to civilian government agencies.

*Capacity Building*

SPD supported initiatives to build the capacity of civilian officials charged with overseeing the security sector, including parliamentary staffers and civilian officials at the Department of Defense. Propatria prepared a training module for several events that developed the skills of these officials in defense management, drafting and implementing legislation, and strategic planning. The empowerment of civilians in the defense sector is one crucial element in establishing democratic control over the armed forces and increasing the ability of the military to professionally and impartially intervene in future conflicts.

*Aceh*

The most important progress in civil-military relations, however, could be observed in Aceh. For the first time in Indonesian history, the armed forces complied with a government initiative to make peace with a separatist movement. President Susilo Bambang Yudhoyono's removal of several military hardliners in early 2005 paved the way for this success, which was consolidated by a number of economic and political incentives the government provided to the former rebels. SPD's community development programs contributed greatly to the stabilization of the peace agreement and, by implication, marked the departure from the militaristic approaches of conflict resolution applied in the past. If the agreement holds, it will stand as the most significant achievement of civil-military reforms in the post-1998 *Reformasi* era.

## 6.4. Local Elections

### 6.4.1. Background and Strategy

Abrupt changes in local power constellations have often led to violent reactions from groups or individuals who felt disadvantaged by the new distribution of authority. In Poso, Central Sulawesi, for example, it was the election of a new district head in 1999 that triggered widespread communal violence, and the deaths of up to 2,500 people. Also in 1999, in Maluku, Christians saw the appointment of a Muslim to a key bureaucratic position as a violation of a previous, informal power-sharing arrangement, fueling tensions that ultimately erupted in bloody clashes. The region was paralyzed for more than three years and up to 10,000 people died.

As part of a larger strategy to prevent such outbreaks of dissatisfaction and potential violence, the government decided in 2004 that governors, district heads and mayors were to be elected directly by the people, not by local legislatures as under previous regulations. The first wave of these local polls was held in June 2005, involving all areas in which the term of the incumbent had expired between 2004 and June 2005. In all other areas local elections will be held when the term of the current office holder expires. By late July 2005, around 150 local elections had been conducted throughout Indonesia.

Recognizing the potential for localized conflict as a result of the polls, SPD moved to closely observe the elections and intervene when circumstances required. This was particularly relevant in areas where violent conflicts had taken place before, or where the religious and ethnic composition of the population indicated that election-related tensions were likely to occur. In Poso, where elections were held in June 2005, SPD mobilized resources to support the implementation of a professional, free and fair ballot. In Papua and Aceh, SPD supported peaceful democratic elections in October 2005 and April 2006, respectively. In Aceh, the local polls were part of the peace agreement that the government signed with the separatist movement GAM in Helsinki on 15 August 2005.

SPD did not only monitor the elections in territories that have traditionally witnessed high levels of violence, however. It also observed and evaluated the polls in areas in which certain demographic or historic factors suggested that conflicts might emerge as a consequence of local elections. In this context, SPD developed a sophisticated database that identified districts or provinces with religious, ethnic or social indicators that made the occurrence of communal tensions more likely than in other regions. The database helped SPD to select target areas and schedule field visits. Based on SPD's criteria, teams were sent to South and Central Kalimantan, East Java, North, West and South Sulawesi, as well as West Irian Jaya and Papua. The reports resulting from these visits were widely distributed within the USAID Mission and the US Embassy in Jakarta.

Through field assessments, SPD gathered first-hand information on the level of election-related conflict across Indonesia and prepared for possible interventions in the future. While in most visited areas violence was limited to noisy protests by losing candidates and hired paid supporters, the elections in Central Kalimantan, West and South Sulawesi, West Irian Jaya and Papua created new potential for social tensions. In Central Kalimantan, a Christian was elected in a province with a majority Muslim population. In parts of South Sulawesi, some losing candidates pledged to create new districts as a consequence of their defeat, leading to new discussions on the establishment of administrative units based on ethnic and/or religious identities. In West Sulawesi, a long-standing border dispute was a major issue in the elections. In all these cases, SPD continued to closely observe developments on the ground in order to detect early indications of rising communal tensions.

**Figure 5. Field Assessment Locations**

## 6.4.2. Field Assessments

The direct local elections in Indonesia in 2005 were highly diverse, with regions showing different electoral patterns, coalitions, campaign issues and societal attitudes. Despite this heterogeneity, however, it was possible to draw some preliminary conclusions about the conduct and political impact of the polls, particularly as to their role in fueling social tensions.

Perhaps most significantly, the local elections did not lead to communal violence in any of the 150 areas in which the ballots were counted. Protests were largely limited to campaign teams of the various candidates in the elections. Supporters of losing candidates destroyed government facilities in several districts, most prominently in Kaur, Bengkulu, where the office of the district head was ransacked. In Gowa, South Sulawesi, demonstrators laid siege to the offices of the local elections commission (KPU) and blocked the roads to the provincial capital Makassar for several days. In Tana Toraja, also in South Sulawesi, violent protests over the election results persisted for several weeks. In none of these cases, however, did the isolated protests lead to protracted communal violence.

There are numerous reasons for this. To begin with, candidates had mostly opted to run inclusive election campaigns, shying away from sectarian platforms that could reduce their appeal with the electorate. In areas with heterogeneous religious and ethnic compositions, candidates typically sought to link up with partners from a different religion or ethnicity in order to attract more votes. Consequently, campaign strategies that highlighted exclusivist sentiments were widely seen as counterproductive. In Poso, for instance, each of the five tickets running for the positions of Regent and Deputy Regent featured a combination of Christian and Muslim candidates. The same could be observed in several districts in North Sumatra, where the percentage of Christian and Muslim voters was almost even. In none of these districts did exclusively Muslim candidates confront exclusively Christian candidates, thus the question of religion as a contentious issue in the polls was neutralized.

In some cases, voters punished candidates who tried to rally their core constituencies around sectarian sentiments. In Central Kalimantan, the Dayak leader Professor Usop, who had lost narrowly in the gubernatorial elections of 2000 and subsequently became involved in the massacres of Madurese migrants in 2001, finished last with only 4 percent of the votes. In North Sulawesi, incumbent governor A.J. Sondakh tried to exploit his status as a leader of the largest church in the province in order to make up for his lack of popularity among the electorate. He did not succeed, however, and was removed from office by a large margin, coming in a disappointing third place.

The absence of communal tensions was not only a reflection of the increased maturity of the candidates and their voters, however. It also indicated that most candidates did not have strong roots in their respective communities, leaving the latter indifferent towards the victory or defeat of the various nominees. Most candidates were career bureaucrats, businessmen, retired security officers or party functionaries who had the financial resources to fund their own campaigns. The enormous costs associated with running in the polls effectively excluded most civil society leaders, community figures and religious authorities from the candidate pool. Consequently, the only constituencies that reacted strongly to the triumph or loss of certain candidates were those who were financially dependent on them. In Depok, for example, most voters did not show much interest when a court overturned the election results and controversially handed victory to the second-place candidate.

Despite the relatively peaceful conduct of the direct elections, further monitoring of potential conflicts remained a necessity in several regions. In some areas, observers had prematurely declared that the polls had not led to any significant problems, only to be surprised by eruptions of

protests when the official results were announced. Equally, there was considerable potential for tensions in the post-election period. Key posts in the bureaucracy were distributed among the supporters of winning candidates, and ethnic and religious constituencies closely monitored their share of political posts. In several territories, new office holders faced intense scrutiny by influential and perhaps hostile constituencies. In Belitung Timur, for example, a Chinese Christian was elected as district head, shocking conservative Muslim leaders. In Belitung, like in other regions with similar constellations, only in the coming years will we know if the elections created the political stability that they had set out to achieve.

### 6.4.3. Sulawesi

The most recent violence in Sulawesi began in late 1998 and re-emerged in two subsequent phases. Political tensions in Poso sparked violence in April and May 2000; further unrest followed in the latter part of 2001 and was linked to the arrival of Laskar Jihad. Since then there have been isolated, organized attacks on individuals, including the killing of a female pastor in Palu and the beheading of a village chief in Poso, both in November 2004. The police continued to discover homemade bombs and munitions in the region, although instances of mass violence had largely subsided.

A mix of local political, economic and religious tensions made Poso ripe for communal clashes. All three previous significant episodes of violence have been linked to crises in political power sharing at the district level; a tenuous situation made more fragile by the national law allowing for the division of provinces and smaller administrative units (*pemekaran*). This has given rise to intense local, political power struggles, which may prove more violent, as local socio-political allegiances are deeply entrenched. In places like Poso, where tension is already at a dangerous level, *pemekaran* may still lead to an increase in politically motivated violence.

People in the region are tired of violence and instability and realize that the conflict has been a means for "external" forces to manipulate local conditions for economic and political gain. People now simply want security and a feeling of justice. In this regard, responsible and responsive law enforcement—transparent and impartial investigation and prosecution of criminal cases—is essential to bolstering public trust in the legal system and preventing the continuation of "street justice." Professional law enforcement also applies to provincial level graft cases. Many people believe that violence was linked to the mismanagement of IDP termination funds, in that it diverted attention from on-going corruption investigations. For example, in 2002, a reported IDR45 billion was disbursed to Central Sulawesi for IDP assistance, yet only IDR600 million was distributed.

### 6.4.4. Central Sulawesi

Central Sulawesi has enjoyed relative calm over the last two years. The May 28 bomb blasts in the central market of Tentena and two bomb scares in Poso (June 28 and 29) prior to the local elections, failed to incite inter-communal conflict. The fact that violence did not erupt during the campaign period, and that *Bupati* elections were administered smoothly regardless of institutional weaknesses at the KPU and *Panwasda* levels, is a reflection of communal interest in maintaining peace.

In Poso, however, accusations of money politics and fraudulent campaign practices on the part of the Piet Ingkiriwang-Abdul Muhtalib pairing resulted in several days of protests by losing candidates and their supporters. In Tojo Una Una, unsuccessful candidates asked KPU and *Panwasda* to investigate charges of fraud by the winning candidates Damzik Ladjalani-Ridwan Dj Saru. In both districts, *Panwasda* and KPU collected campaign finance materials from the candidates and have investigated charges of misconduct. This raised tensions in the area, but

fortunately violence did not breakout. USAID partners in these areas continued to monitor the situation.

SPD initiatives in the region aimed to increase the capacity of local government to administer elections, and to support communal participation in the electoral process through education and awareness campaigns. Providing logistical support to local KPU and *Panwasda* offices encouraged responsible electoral services and timely distribution of necessary equipment. It also encouraged an environment conducive to free and fair elections.

USAID awarded nine grants valued at over $150,000 to local CSOs and election administration agencies in Tojo Una Una, Poso and Toli Toli Districts of Central Sulawesi. Grantees conducted voter education and peace campaigns, and facilitated dialogue between candidates and local citizenry. The extensive networks of SPD Grantees supported the establishment of information centers to provide assistance to communities regarding campaigning, voting and vote counting.

In Tojo Una Una, Radio Maleo, an independent radio outlet based in Ampana City, worked with KPU, *Panwasda*, candidates and observer groups to organize political talk shows and dialogues. In order to enhance the station's range of broadcasting, professionalism and listening audience, SPD provided multi-media build-up computers, a tape recorder, and other basic office equipment.

SPD also funded initiatives to build political awareness and empower women voters. KPPA, a women's and children's rights organization, conducted a woman voter education campaign in three sub-districts. Through discussions in fifteen villages ("Political Education of Women Voters") prior to and after the elections, KPPA encouraged women to get involved in the political process and brought gender-specific issues to the table. KPPA also fielded a small number of unofficial election observers, and conducted a "Fair, Clean and Democratic" campaign through talk radio and interactive tv shows.

SPD also provided critical logistical and technical support to government agencies responsible for overseeing the elections. *Panwas* and KPUD offices in two of the three districts received SSB radios, walkie-talkies, vehicles, motorcycles, and basic office equipment. This assistance enabled KPU to distribute ballots, ballot boxes and other electoral equipment to sub-district and village election officials in a timely manner, thereby limiting delays in the electoral process.

### 6.4.6. Papua

Presidential Instruction No.1/2003 called for a speedy implementation of Law 45/1999 on Papua's administrative division into three provinces—Central Irian Jaya, West Irian Jaya, and Irian Jaya. This was in direct contravention to the Special Autonomy law that regarded Papua as a single province and empowered only the, as yet, embryonic Papuan People's Assembly, or MRP (*Majelis Rakyat Papua*), to designate new provinces and districts. The Instruction angered many and increased tensions throughout Papua, as it represented a step back from the hard won progress made towards Papuan autonomy.

Most everyone in Papua is contra-*pemekaran*, yet Jakarta, under the guise of improving the livelihoods of Papuans, is bent on the three province plan. On November 14, 2003, the Minister of Interior installed a new Governor of "West Irian Jaya," ostensibly splitting the unitary Papuan province. The Constitutional Court has since ruled that *pemekaran* should be annulled, but the new West Irian Jaya Province be considered legitimate since the administrative infrastructure was already in place. President Yudhoyono, despite legal ambiguity, simultaneously called for the immediate establishment of the MRP—as a cultural, rather than a law-making, body—further abrogating the originally agreed upon Special Autonomy regulations.

Aside from the legal-political battle surrounding *pemekaran* and Special Autonomy, grave human rights violations persist, perpetrated by the armed forces that are weakly controlled and act with virtual impunity. Also, a growing health crisis threatens to destroy the economic base of the province, exacerbating social tensions and fueling violent discontent. The HIV/AIDS epidemic is a ticking time bomb. According to some reports, Papua is home to one-third of all cases in Indonesia, despite housing only 1 percent of its total population. Inefficient health and other public services are often blamed on the remoteness of the region, yet given governmental mismanagement and the persistence of state-sponsored violence, it is clear that neglect plays a large part, as well.

*Electoral Support*

In support of a participative, free and fair gubernatorial election in Papua, SPD supported several national and local NGOs, as well as local electoral agencies, to: increase voter education; enhance transparency and open dialogue during the campaign period; assist monitoring agencies and NGOs; and provide logistical support to the government agency administering the elections. Seven grants were awarded valued at nearly $270,000.

**USAID DDG Strategic Objective: Effective democratic and decentralized governance**

**Intermediate Result: Addressing conflict and encouraging pluralism**

**Intermediate Result: Consolidating the reform agenda**

**Intermediate Result: Expanding participatory, effective and accountable local governance**

**SPD Purpose: Develop a sustainable institutional capacity for building peace and resolving conflict throughout Indonesia.**

**Component 1:**
Improve partner institution understanding of and ability to analyze underlying causes and consequences of conflict and technical capacity to implement conflict resolution approaches.

**Component 2:**
Strengthen partner Institution capacity to build peace through sustainable livelihoods initiatives.

**Component 3:**
Strengthen partner institution capacity to assist persons directly affected by violent conflict.

**Component 4:**
Increase partner institution capacity to establish democratically controlled, impartial and professional security forces.

**Component 5:**
Improve partner institution capacity to draft, advocate for and monitor the implementation of relevant legislation and executive regulations.

**Sub-Component 1.1:**
Develop understanding and ability to analyze causes and consequences of conflict

**Sub-Component 1.2:**
Develop skills in implementing conflict resolution approaches

**Sub-Component 2.1:**
Increase economic opportunities.

**Sub-Component 2.2:**
Improve social service infrastructure.

**Sub-Component 2.3:**
Develop skills in building peace through livelihoods initiatives.

**Sub-Component 3.1:**
Emergency relief responses to violent conflict.

**Sub-Component 3.2:**
Develop skills in assisting persons affected by violent conflict.

**Sub-Component 4.1:**
Legislative and/or executive initiatives to establish democratically controlled security forces.

**Sub-Component 4.2:**
Monitor the impartiality and professionalism of security forces.

**Sub-Component 4.3:**
Improve the transparency of budgets of security forces.

**Sub-Component 4.4:**
Develop skills in establishing democratically controlled, impartial and professional security forces.

**Sub-Component 5.1:**
Draft relevant legislation and executive regulations.

**Sub-Component 5.2:**
Advocate for relevant legislation and executive regulations.

**Sub-Component 5.3:**
Monitor the implementation of relevant legislation and executive regulations.

**Sub-Component 5.4:**
Develop skills in drafting, advocating for and monitoring the implementation of legislation and executive regulations.

# Aceh Community-Based Recovery Initiative

**The Challenge.** The December 26, 2004 earthquake and ensuing tsunami devastated much of coastal Aceh and caused enormous human suffering, prompting an unprecedented humanitarian response. As relief activities move to completion, affected communities, the Government of Indonesia, and the donor community must now address the challenges of long-term recovery. Meeting this challenge demands an effective partnership between local communities and private-sector contributors.

**The Response.** A key requirement in building effective partnerships is identifying and acting on local priorities. Currently working with more than 50 communities—representing a population of 32,000 persons, or 8 percent of the estimated affected population—USAID's Community-Based Recovery (CBR) initiative facilitates participatory planning to identify local needs and provides grant funding to achieve clear results in the near term.

CBR places the community at the forefront of the recovery process. Local communities develop initiatives based on their own assessments of their own needs, manage the implementation of their plans and activities, and assess the impact of their actions. This local ownership ensures that CBR initiatives are designed appropriately and will achieve measurable, near-term improvement.

The result is a demand-driven program that assists communities to rehabilitate basic social and economic infrastructure—schools, clinics, markets, irrigation canals, and rice fields—building a foundation for sustainable recovery and development. CBR helps communities move from dependency on relief to self-reliance through viable and sustainable economic activity.



As a critical part of this process, CBR promotes partnership between communities and local government agencies. It also promotes the participation of women, youth, and other vulnerable groups in the decision-making and planning processes and ensures they have equal access to resources to develop their livelihoods.

Acehnese men and women come together to plan their own recovery efforts.

**The Strategy.** To attain optimal impact, CBR selected clusters of two to five communities (roughly 575 families or 2,000 persons per cluster). This clustering approach builds a critical mass at the village level that can help shape governance performance and practices at the subdistrict level. Criteria used to select project villages include the extent of destruction of social and economic infrastructure, the size and composition of the current population, the opportunities for rehabilitating livelihoods, and the willingness of the community and local government agencies to participate and contribute. Furthermore, this strategy effectively allows the private sector to "adopt" a cluster of communities.

CBR facilitators—employed through a grant agreement with Syiah Kuala University in Banda Aceh and trained by CBR specialists—work with community and government leaders to identify and prioritize needs through a process that engages the entire community. Facilitators then work with leaders to design associated activities and prepare management and implementation plans.

CBR awards grants directly to communities to implement priority activities established through the planning process and likely to produce quick, visible impact. At present, USAID resources fund all grant awards, but the participatory planning process also identifies activities that could be funded by other donors and the private sector. Communities also identify activities that they will implement without external assistance.

Finally, CBR facilitators assist communities to manage the implementation of grant-funded activities, using community-led monitoring systems to increase transparency and accountability to the whole village, thereby reducing opportunities for corruption and misallocation of funds.

**The Results.** Initiated in March, CBR has awarded more than $1.62 million in grants to support recovery in participating communities. These funds support various activities, most of which aim to generate short-term employment in affected communities. More than 202,000 person-days of labor have been created, yielding $810,000 in cash payments to workers and benefiting 18,000 persons.

Most villages chose as their first activity to clear debris from agricultural land. Knowing that planting a rice crop in May is critical, and that the subsequent harvest would provide food and income for the community, CBR moved quickly to fund the clearing of 2,500 hectares of rice paddy and 20 kilometers of adjoining irrigation canals.

Activities just completed in Blang Krueng village exemplify the impact of CBR funding. Like many coastal communities, Blang Krueng was all but destroyed by the tsunami. Despite having lost nearly a quarter of its population and all its infrastructure, Blang Krueng's remaining families gathered to make plans to clear their rice paddy of debris in time for planting. Working with CBR facilitators, the community developed a proposal that CBR approved immediately. As a result, 120 farmers cleared debris from 60 hectares of land and 1.2 kilometers of canal, gaining short-term employment and earning $25,000 in wages—cash they can use to purchase seed, plow fields, and plant a rice crop. In this way, partner communities gain immediate benefit (cash wages) and prepare a foundation for future self-reliance.



Participants in USAID's CBR program clear debris from rice paddy and prepare for planting.

Many partner communities, having lost nearly all public buildings, placed high priority on constructing simple meeting and office facilities. To date, CBR has provided funding for 16 meeting centers where community members can meet to discuss needs, prioritize projects, and prepare action plans. The centers also serve as information posts where people can go for advice and assistance in recovering lost documents such as government-issued identification cards, birth records, and marriage certificates.

**The Future.** CBR is operational, with proven systems and skilled personnel in place to facilitate quick recovery in partner communities. Opportunities exist for private-sector contributors to channel resources to current CBR partner communities and to expand the initiative to new areas quickly and efficiently. With additional resources, CBR can help communities recover their self-reliance through viable and sustainable economic activity.

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# Building Peace in Aceh

## Community Engagement and Ownership (CEO) Initiative

The MOU signed between the Government of Indonesia (GoI) and the Free Aceh Movement (GAM) on 15 August 2005 provides a foundation for attaining durable peace in Aceh. Moving away from cycles of violence and hostile interaction, which have persisted for decades, is a complex task that requires a mix of initiatives, including public information campaigns, support to local government agencies, rebuilding physical infrastructure and, more importantly, building and transforming relationships between communities who have been party to and affected by conflict. This working paper presents a strategy for engaging communities in peace-building activities and strengthening their ownership of the peace process.

The CEO Initiative focuses on strengthening civil society at the village level through the development of leadership capacity and activities to build relationships between communities on all sides of the conflict. This approach recognizes that peace cannot be built through activities that involve separately only one side of the conflict, or through efforts to win converts to one side or another. It seeks to develop multiple cross-linking relationships that encourage interdependence among people and communities, helping them envision and look forward to a shared future.

In the context of the CEO Initiative, "community" refers to a group of people bound together by shared social, economic or spiritual needs, goals and aspirations. Community therefore encompasses village-centered communities, as well as political groups, civil society organizations, ex-combatants, and agricultural producer and marketing groups. This viewpoint helps optimize CEO's ability to spark and sustain social change.

Particular focus will be placed on helping village-communities (hereafter referred to as "villages") and government agencies to move away from the lack of trust and hostility that now characterizes their relationship, to a more constructive and purposeful one. Emphasis will also be placed on facilitating interaction between tsunami-affected communities and conflict-affected communities to draw upon the leadership skills and experience of communities recovering from the tsunami and to construct networks of people active in building a new peaceful Aceh.

Three principles underpin the strategy: develop capacity for community-driven participation in the peace process; link and build relationships between communities that are not like-minded; and pursue opportunities that keep communities in sustainable creative interaction.

The objective of the CEO Initiative is to *engage conflict-affected communities in the peace process by building effective relationships between them and other not like-minded communities.* It will focus effort and resources on most-affected communities and areas seen to be critical to—and which provide the best opportunity for—building a durable foundation for peace in Aceh.

The major outputs are:
- Good governance practiced and nurtured to promote and sustain peace;
- Networks of constructive relationships between communities on all sides of the conflict; and
- Sustainable improvement in livelihoods in conflict-affected villages.

Implementation will proceed in three overlapping stages: preparation, platform building, and livelihoods development.

Stage 1: Preparation. Selection of approximately 60 project villages will be guided by clearly defined criteria including number of released prisoners and ex-combatants in the locale, history of conflict-related violence in the village, physical infrastructure destroyed as a result of the conflict, the size and composition of the current population, geographic location, and expressed willingness of the village to participate and contribute. The selection process will be conducted in phases, with the first villages selected within 6 weeks of the beginning of CEO.

Three issues circumscribe the selection process: first, accurate village-level data on a range of issues associated with conflict and its impact do not exist, making it difficult to select most-affected villages for program interventions. Second, access to many conflict-affected villages is problematic, making it difficult to conduct a rapid comprehensive survey. Third, the peace process dictates a quick selection of target villages. As a result, and in order for the process to proceed quickly, site selection will rely greatly on data collected by other organizations (e.g., IOM data on released prisoners and ex-combatants, and World Bank data on the status of village infrastructure). DAI will collect limited primary data to support the process. A guiding principle of the site selection process is that data can guide us only so far, and that final decisions must be based on information obtained through direct contact with people in villages.

To obtain optimal impact, CEO will select clusters of villages. This approach will build a critical mass at the village level that can help shape governance performance and practices at the sub-district level that will promote and sustain peace. It also will reduce jealousies that could arise between villages participating in the program and those that are not.

Concurrent with village selection, SPD will identify and initiate dialogue with other community stakeholders—for example, line agency officials, women and youth group leaders, and NGO leaders.

**Preparation Timeline**

Initial discussion with GoI and donors

Data collection and analysis for site selection

Field survey, community selection, buy-in

October 2005          November 2005          December 2005
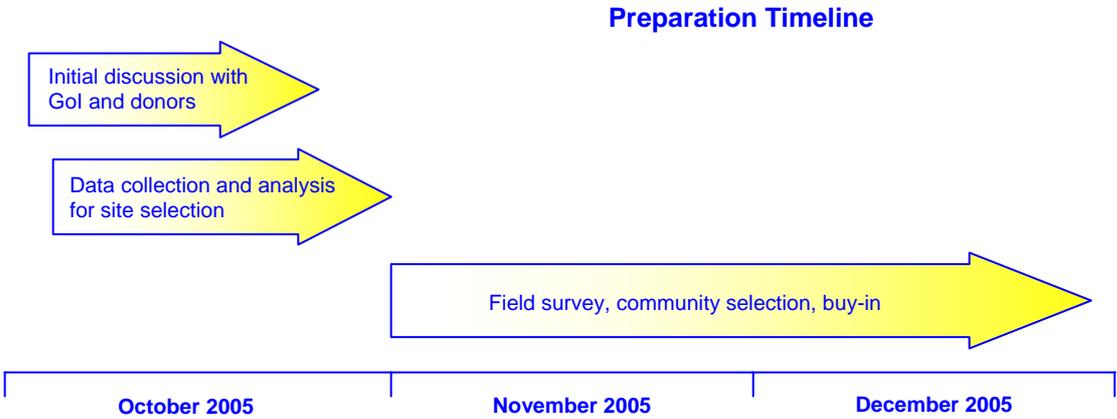
Stage 2: Platform Building. Community Facilitators, trained by DAI specialists, will first work with community leaders (i.e., village leaders, women and youth group leaders, government officials and NGO leaders) to plan for and implement activities to strengthening local governance in support of peace. Initially, CEO will focus on training local leaders on topics related to their four key roles and responsibilities: giving clear direction on peace and reconciliation to people in their communities, moving them together in that direction, motivating and empowering them to reach their goals, and, most importantly, resolve conflicts that occur along the way. Discussions will also be held on the many types and consequences of corruption, focusing on how peace cannot be sustained in environments where corruption thrives. When possible, CEO training events will be conducted in cooperation with the World Bank Kecamatan Development Program (KDP) and include KDP community facilitators as participants. Training will begin as communities join CEO.

2

At the same time, Facilitators will work with community leaders to initiate relationship-building activities, bringing their communities into constructive contact with other, not like-minded communities. At the outset of the CEO Initiative, links will be established with villages participating in the USAID SPD CBR Initiative, local government agencies and offices, and Indonesian NGOs. It is foreseen that CEO villages will initiate community-to-community interaction, and will focus on sharing lessons learned in designing and implementing leadership and livelihoods development initiatives.

**Engagement and Ownership**
**Promoting Reconciliation by Bringing Together Not Like-Minded Groups**
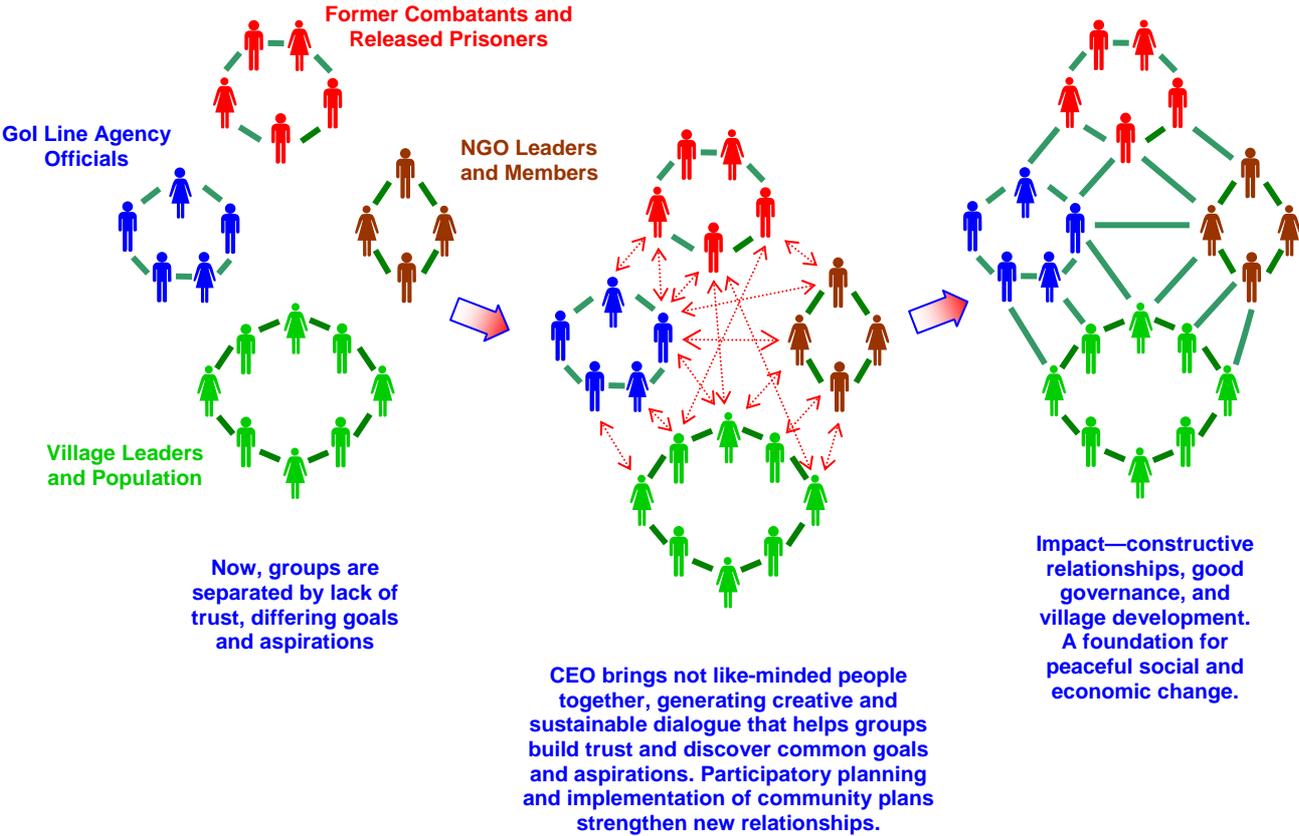


As training and community visits proceed, SPD will work with villages to survey local resources, compiling this information into village profiles. To enable villages to receive and manage donor funds directly, SPD will assist villages in forming CSOs. Villages will utilize their profiles to formulate long-term development plans that include capacity building and long-term employment generation initiatives. It is foreseen that CEO planning activities will complement and support those of the KDP. The profiles and village plans will be used by government line agencies, NGOs and donors in their planning and delivery of services and support.

Depending upon the needs and priorities of participating villages, basic public social and economic infrastructure might be rehabilitated using USAID funding in the early stages of the initiative (e.g., schools, clinics, markets). These activities will further facilitate constructive interaction between villages and local government agencies and NGOs. They will also provide a sense of security and confidence among participants that progress is possible and, more importantly, facilitate hope for a peaceful future.

## Platform Building and Livelihoods Development Timeline



Prepare village profile and community visits in support of community planning and peace-building

Initial good governance training for community leaders

Reconciliation and recovery activities (e.g., sports, competitions, shows, art, etc), and, as appropriate, rehabilitation of basic public social and economic infrastructure

Village governance training and CSO formation

Village and community planning, livelihoods grant development and implementation

**December 2005**          **January 2006**          **February 2006 (thru year-end)**

Stage 3: Livelihoods Development. Facilitators will work with village leaders to identify needs and priorities through a process that engages the entire community, including government officials and NGO leaders. In January 2006, villages will establish development goals for the year and formulate plans to improve livelihoods and expand economic opportunities. USAID will help support implementation of these plans through the provision of grant awards for long-term employment generating activities and livelihoods initiatives that will produce tangible returns to participants. It is likely that funding will flow to individuals for livelihood development through micro-credit or revolving funds managed by participating villages. CEO will assist villages to submit projects, as appropriate, for KDP funding to encourage and facilitate transition to long-term GoI development assistance mechanisms.

Strong effort will be made to facilitate the transition of former combatants and prisoners from their roles in the insurgency to new roles as productive citizens in a peaceful and stable economy. Community Facilitators will work with these individuals and villages in which they reside to identify potential jobs, design necessary training activities and ensure access to resources to develop new livelihoods. Trauma and psycho-social counseling will be made available in all CEO communities.

Community Facilitators and community leaders will also ensure that women, youth and other vulnerable groups participate in the decision making and planning processes and that they also have equal access to CEO Initiative and community resources. In addition, facilitators will work with community leaders to design and install mechanisms to monitor the use of donor and village resources, thereby minimizing the potential for corruption in project implementation. Target villages will likely design a number of livelihood development activities that could be implemented with funding through other USAID/SO initiatives or those of other donors. Additionally, communities will identify activities they will implement without external assistance.

The project planning and implementation process reinforces the key elements of the overall strategy. First, training activities prepare leaders for community planning exercises that encourage creative dialogue and help groups build trust and discover common goals. Second, project design and implementation activities bring together not-like minded groups, mending torn relationships and giving birth to new ones. Finally, the process facilitates improved governance and sustainable livelihoods development in conflict-affected villages—achievements that provide a foundation for peaceful social and economic change.

# USAID SPD – Aceh CEO Initiative
## DRAFT Illustrative Implementation Plan

| ID | Task Name | Start | Finish |
|---|---|---|---|
| 1 | Discussion and Briefing with Government, and other donors, organizations (KDP, IOM, GTZ, EC, UNDP, Local NGOs, etc.) | 10/1/2005 | 10/30/2006 |
| 2 | Psychological Recovery – Grant Development and Planning | 10/7/2005 | 10/30/2005 |
| 3 | Secondary Data Collection and Analysis for First-Group Village Selection (World Bank Infrastructure; IOM Released Prisoners and Ex-Combatants; NGO Survey of Conflict Events) | 10/1/2005 | 10/30/2005 |
| 4 | Primary Data Collection and Analysis for First-Group Village Selection (GPS survey of villages) | 10/1/2005 | 10/30/2005 |
| 5 | Selection of First-Group Villages (villages in which SPD will conduct field surveys to determine CEO villages) | 11/1/2005 | 11/13/2005 |
| 6 | Community Facilitator and Field Coordinator Recruitment | 10/15/2005 | 12/31/2005 |
| 7 | Training of CF and FC (DAI policies and procedures, facilitation, conflict management, etc.) | 10/30/2005 | 10/30/2006 |
| 8 | Field Survey of First-Group Villages and Selection of CEO Communities | 11/13/2005 | 12/31/2005 |
| 9 | Identification and Dialogue with Community Stakeholders (e.g., line agency officials, youth group leaders, CSO leaders, traditional leaders, womens' group leaders, etc.) | 11/20/2005 | 12/31/2005 |
| 10 | Locate and Establish Field Office (dependent upon final CEO village locations, l kely in Lhokseumawe) | 12/4/2005 | 12/11/2005 |
| 11 | Initial Community Discussions (buy-in) | 11/20/2005 | 12/31/2005 |
| 12 | Village Profile – Data collection and analysis [CF, FC, DP, IS] | 11/27/2005 | 1/7/2006 |
| 13 | Community-to-Community Visits | 12/1/2005 | 12/31/2005 |
| 14 | Community Leader Training 1 in Good Governance, Conflict Management, Planning and Community Development | 12/8/2005 | 12/31/2005 |
| 15 | Activities for Reconciliation and Recovery (sports, competitions, shows, art, etc.) | 12/8/2005 | 10/30/2006 |
| 16 | Village Training in Leadership, Conflict Management, and Community Development | 1/9/2006 | 10/30/2006 |
| 17 | Village Organizing (formation of village CSOs, cooperatives, etc.) | 1/9/2006 | 4/9/2006 |
| 18 | Community Planning, Technical Training and Support for Livelihoods Initiatives (line agencies, CSOs, and private sector groups) | 1/9/2006 | 10/30/2006 |
| 19 | Village Development Planning | 1/16/2006 | 10/30/2006 |
| 20 | Livelihood Grant Development and Implementation | 1/23/2006 | 10/30/2006 |
| 21 | Semi-Annual Community Review | 4/7/2006 | 4/27/2006 |
| 22 | Internal Quarterly CEO Assessment | 1/7/2006 | 1/21/2006 |

**CBR and ACEO Grantees and Locations**

| Grant | ACEO/CBR | Grantee | Village | Kecamatan | Kabupaten |
|-------|----------|---------|---------|-----------|-----------|
| 062 | CBR | FE Unsyiah, Faculty of Economics, Unsyiah | BANDA ACEH | | |
| 063 | CBR | Lembaga Hukum Adat Laot / Panglima Laot - Lhok | LAMKRUET | LHO'NGA/LEUPUNG | ACEH BESAR |
| 064 | CBR | Lembaga Hukum Adat Laot / Panglima Laot - Lhok | MON IKEUN | LHO'NGA/LEUPUNG | ACEH BESAR |
| 065 | CBR | Lembaga Hukum Adat Laot / Panglima Laot - Lhok | WEU RAYA | LHO'NGA/LEUPUNG | ACEH BESAR |
| 066 | CBR | Lembaga Hukum Adat Laot / Panglima Laot - Lhok | LAMPAYA | LHO'NGA/LEUPUNG | ACEH BESAR |
| 067 | CBR | Lembaga Hukum Adat Laot / Panglima Laot - Lhok | LAMKRUET | LHO'NGA/LEUPUNG | ACEH BESAR |
| 068 | CBR | Lembaga Hukom Adat Laot/Panglima Laot - Lamteungoh | LAMTEUNGOH | PEUKAN BADA | ACEH BESAR |
| 069 | CBR | Pemuda Muhammadiyah Nanggroe Aceh Darussalam | TEUNGOH GEUNTEUT | LHOONG | ACEH BESAR |
| 070 | CBR | Pemuda Muhammadiyah Nanggroe Aceh Darussalam | BAROH GEUNTEUT | LHOONG | ACEH BESAR |
| 071 | CBR | Pemuda Muhammadiyah Nanggroe Aceh Darussalam | LAMKUTA BLANGMEE | LHOONG | ACEH BESAR |
| 072 | CBR | Pemuda Muhammadiyah Nanggroe Aceh Darussalam | BAROH BLANGMEE | LHOONG | ACEH BESAR |
| 073 | CBR | Pemuda Muhammadiyah Nanggroe Aceh Darussalam | TEUNGOH BLANGMEE | LHOONG | ACEH BESAR |
| 074 | CBR | Pemuda Muhammadiyah Nanggroe Aceh Darussalam | UMONG SEURIBEE | LHOONG | ACEH BESAR |
| 075 | CBR | Pemuda Muhammadiyah Nanggroe Aceh Darussalam | TANJUNG SELAMAT | DARUSSALAM | ACEH BESAR |
| 076 | CBR | Pemuda Muhammadiyah Nanggroe Aceh Darussalam | TANJUNG DEAH | DARUSSALAM | ACEH BESAR |
| 077 | CBR | Pemuda Muhammadiyah Nanggroe Aceh Darussalam | SULEUE | DARUSSALAM | ACEH BESAR |
| 078 | CBR | Pemuda Muhammadiyah Nanggroe Aceh Darussalam | KAJHU | BAITUSSALAM | ACEH BESAR |
| 079 | CBR | Pemuda Muhammadiyah Nanggroe Aceh Darussalam | LAM PEUDAYA | DARUSSALAM | ACEH BESAR |
| 080 | CBR | Pemuda Muhammadiyah Nanggroe Aceh Darussalam | BLANG KRUENG | BAITUSSALAM | ACEH BESAR |
| 081 | CBR | Pemuda Muhammadiyah Nanggroe Aceh Darussalam | MIRUK TAMAN | DARUSSALAM | ACEH BESAR |
| 083 | CBR | SALEUM | KUPULA | SIMPANG TIGA | PIDIE |
| 084 | CBR | SALEUM | PULO GAJAH MATE | SIMPANG TIGA | PIDIE |
| 085 | CBR | SALEUM | MNS GONG | SIMPANG TIGA | PIDIE |
| 086 | CBR | SALEUM | MESJID GIGIENG | SIMPANG TIGA | PIDIE |
| 087 | CBR | CEE (Civil Economic and Education) | MEUE | TRIENGGADENG | PIDIE |
| 088 | CBR | CEE (Civil Economic and Education) | PASI LHOK | KEMBANG TANJUNG | PIDIE |
| 089 | CBR | CEE (Civil Economic and Education) | TUNONG PANTEE RAJA | PANTE RAJA | PIDIE |
| 090 | CBR | CEE (Civil Economic and Education) | JEMEURANG | KEMBANG TANJUNG | PIDIE |
| 091 | CBR | CEE (Civil Economic and Education) | COT LHEU RHENG | TRIENGGADENG | PIDIE |
| 092 | CBR | CEE (Civil Economic and Education) | LANCANG | KEMBANG TANJUNG | PIDIE |
| 093 | CBR | CEE (Civil Economic and Education) | PEURADEU | PANTE RAJA | PIDIE |
| 094 | CBR | LPPM Aceh - Lembaga Pembinaan dan Pengembangan Masyarakat Aceh | PULOT | LEUPUNG | ACEH BESAR |
| 095 | CBR | LPPM Aceh - Lembaga Pembinaan dan Pengembangan Masyarakat Aceh | LAMKEUMOK | PEUKAN BADA | ACEH BESAR |
| 096 | CBR | LPPM Aceh - Lembaga Pembinaan dan Pengembangan Masyarakat Aceh | LAM GEU EU | PEUKAN BADA | ACEH BESAR |
| 097 | CBR | LPPM Aceh - Lembaga Pembinaan dan Pengembangan Masyarakat Aceh | GURAH | PEUKAN BADA | ACEH BESAR |
| 098 | CBR | LPPM Aceh - Lembaga Pembinaan dan Pengembangan Masyarakat Aceh | LAM LUMPU | PEUKAN BADA | ACEH BESAR |
| 099 | CBR | Pemuda Muhammadiyah Nanggroe Aceh Darussalam | CADEK | BAITUSSALAM | ACEH BESAR |
| 100 | CBR | Pemuda Muhammadiyah Nanggroe Aceh Darussalam | BAET | BAITUSSALAM | ACEH BESAR |
| 101 | CBR | Lembaga Hukom Adat Laot/Panglima Laot, Aceh | MEUNASAH KULAM | MESJID RAYA | ACEH BESAR |
| 102 | CBR | Lembaga Hukom Adat Laot/Panglima Laot, Aceh | MEUNASAH MON | MESJID RAYA | ACEH BESAR |
| 103 | CBR | Lembaga Hukom Adat Laot/Panglima Laot, Aceh | MEUNASAH KEUDEE | MESJID RAYA | ACEH BESAR |
| 104 | CBR | Lembaga Hukom Adat Laot/Panglima Laot, Aceh | LADONG | MESJID RAYA | ACEH BESAR |
| 105 | CBR | LRC (Lampuuk Recovery Center) | MEUNASAH BALEE | LHO'NGA/LEUPUNG | ACEH BESAR |
| 106 | CBR | LRC (Lampuuk Recovery Center) | MEUNASAH MESJID LAMPUUK | LHO'NGA/LEUPUNG | ACEH BESAR |
| 107 | CBR | LRC (Lampuuk Recovery Center) | MEUNASAH LAMBARO | LHO'NGA/LEUPUNG | ACEH BESAR |
| 120 | CBR | Lembaga Hukom Adat Laot/Panglima Laot - Lamteungoh | LAMTEH | PEUKAN BADA | ACEH BESAR |
| 121 | CBR | Lembaga Hukom Adat Laot/Panglima Laot - Lamteungoh | GAMPONG BARO | PEUKAN BADA | ACEH BESAR |
| 122 | CBR | Lembaga Hukom Adat Laot/Panglima Laot - Lamteungoh | MEUNASAH TUHA | PEUKAN BADA | ACEH BESAR |
| 123 | CBR | LPPM Aceh - Lembaga Pembinaan dan Pengembangan Masyarakat Aceh | MEUNASAH BAK UE | LEUPUNG | ACEH BESAR |
| 124 | CBR | LPPM Aceh - Lembaga Pembinaan dan Pengembangan Masyarakat Aceh | LAMSEUNIA | LEUPUNG | ACEH BESAR |
| 125 | CBR | LPPM Aceh - Lembaga Pembinaan dan Pengembangan Masyarakat Aceh | MESJID LEUPUNG | LEUPUNG | ACEH BESAR |
| 126 | CBR | LPPM Aceh - Lembaga Pembinaan dan Pengembangan Masyarakat Aceh | DEAH MAMPLAM | LEUPUNG | ACEH BESAR |
| 146 | CBR | Pemuda Muhammadiyah Nanggroe Aceh Darussalam | UMONG SEURIBEE | LHOONG | ACEH BESAR |
| 147 | CBR | Pemuda Muhammadiyah Nanggroe Aceh Darussalam | TEUNGOH BLANGMEE | LHOONG | ACEH BESAR |
| 148 | CBR | Pemuda Muhammadiyah Nanggroe Aceh Darussalam | BAROH BLANGMEE | LHOONG | ACEH BESAR |
| 149 | CBR | Pemuda Muhammadiyah Nanggroe Aceh Darussalam | LAMKUTA BLANGMEE | LHOONG | ACEH BESAR |
| 150 | CBR | Pemuda Muhammadiyah Nanggroe Aceh Darussalam | BAROH GEUNTEUT | LHOONG | ACEH BESAR |
| 151 | CBR | Pemuda Muhammadiyah Nanggroe Aceh Darussalam | TEUNGOH GEUNTEUT | LHOONG | ACEH BESAR |
| 155 | CBR | LRC (Lampuuk Recovery Center) | MEUNASAH LAMBARO | LHO'NGA/LEUPUNG | ACEH BESAR |
| 156 | CBR | LRC (Lampuuk Recovery Center) | MEUNASAH MESJID LAMPUUK | LHO'NGA/LEUPUNG | ACEH BESAR |
| 157 | CBR | LRC (Lampuuk Recovery Center) | MEUNASAH BALEE | LHO'NGA/LEUPUNG | ACEH BESAR |
| 158 | CBR | Pemuda Muhammadiyah Nanggroe Aceh Darussalam | UTAMONG | LHOONG | ACEH BESAR |
| 159 | CBR | Pemuda Muhammadiyah Nanggroe Aceh Darussalam | SANEY | LHOONG | ACEH BESAR |
| 160 | CBR | Pemuda Muhammadiyah Nanggroe Aceh Darussalam | TEUMAREUM | JAYA | ACEH JAYA |
| 161 | CBR | Pemuda Muhammadiyah Nanggroe Aceh Darussalam | KUALA | JAYA | ACEH JAYA |
| 162 | CBR | Pemuda Muhammadiyah Nanggroe Aceh Darussalam | BAHAGIA | KRUENG SABEE | ACEH JAYA |
| 163 | CBR | SALEUM | PULO GAJAH MATE | SIMPANG TIGA | PIDIE |
| 164 | CBR | SALEUM | MESJID GIGIENG | SIMPANG TIGA | PIDIE |
| 165 | CBR | SALEUM | MNS GONG | SIMPANG TIGA | PIDIE |
| 166 | CBR | SALEUM | KUPULA | SIMPANG TIGA | PIDIE |
| 172 | CBR | EMaS (Ekonomi Masyarakat Sipil) | LANCANG | KEMBANG TANJUNG | PIDIE |
| 173 | CBR | EMaS (Ekonomi Masyarakat Sipil) | TUNONG PANTEE RAJA | PANTE RAJA | PIDIE |
| 174 | CBR | EMaS (Ekonomi Masyarakat Sipil) | MEUE | TRIENGGADENG | PIDIE |
| 175 | CBR | EMaS (Ekonomi Masyarakat Sipil) | PEURADEU | PANTE RAJA | PIDIE |
| 176 | CBR | EMaS (Ekonomi Masyarakat Sipil) | JEMEURANG | KEMBANG TANJUNG | PIDIE |
| 177 | CBR | EMaS (Ekonomi Masyarakat Sipil) | PASI LHOK | KEMBANG TANJUNG | PIDIE |
| 178 | CBR | EMaS (Ekonomi Masyarakat Sipil) | COT LHEU RHENG | TRIENGGADENG | PIDIE |
| 179 | CBR | Pugar Gampong Cadek | CADEK | BAITUSSALAM | ACEH BESAR |
| 180 | CBR | Yayasan Hikmah | MEUNASAH KULAM | MESJID RAYA | ACEH BESAR |
| 181 | CBR | Yayasan Bantu Masyarakat | TANJUNG SELAMAT | DARUSSALAM | ACEH BESAR |

| Grant | ACEO/CBR | Grantee | Village | Kecamatan | Kabupaten |
|---|---|---|---|---|---|
| 182 | CBR | Yayasan Tanjung Sejahtera | TANJUNG DEAH | DARUSSALAM | ACEH BESAR |
| 183 | CBR | Yayasan Udep Saree | SULEUE | DARUSSALAM | ACEH BESAR |
| 184 | CBR | Yayasan Tengku Menasah Blang | LAM PEUDAYA | DARUSSALAM | ACEH BESAR |
| 185 | CBR | Yayasan Bagi Beurata | MIRUK TAMAN | DARUSSALAM | ACEH BESAR |
| 186 | CBR | Beudoh Beurata Makmu Sejahtra | BLANG KRUENG | BAITUSSALAM | ACEH BESAR |
| 187 | CBR | Pemuda Peduli Kajhu | KAJHU | BAITUSSALAM | ACEH BESAR |
| 188 | CBR | Aneuk Laot Beudoh Beusare | MEUNASAH KEUDEE | MESJID RAYA | ACEH BESAR |
| 189 | CBR | Yayasan Mon Buboh Beurata | MEUNASAH MON | MESJID RAYA | ACEH BESAR |
| 190 | CBR | Yayasan Ladong Sejahtera | LADONG | MESJID RAYA | ACEH BESAR |
| 191 | CBR | Pugar Gampong Cadek | BAET | BAITUSSALAM | ACEH BESAR |
| 192 | CBR | Lembaga Hukom Adat Laot/Panglima Laot - Lamteungoh | LAMTEUNGOH | PEUKAN BADA | ACEH BESAR |
| 193 | CBR | Gampong Baro Bijeh Lam Pantee | GAMPONG BARO | PEUKAN BADA | ACEH BESAR |
| 194 | CBR | Lamkota Beudoh Beurata | MEUNASAH TUHA | PEUKAN BADA | ACEH BESAR |
| 195 | CBR | Ikrar Lamteh | LAMTEH | PEUKAN BADA | ACEH BESAR |
| 196 | CBR | Imawar Beudoh Beurata | WEU RAYA | LHO'NGA/LEUPUNG | ACEH BESAR |
| 197 | CBR | Lembaga Hukum Adat Laot / Panglima Laot - Lhok | MON IKEUN | LHO'NGA/LEUPUNG | ACEH BESAR |
| 198 | CBR | Lembaga Hukum Adat Laot / Panglima Laot - Lhok | LAMPAYA | LHO'NGA/LEUPUNG | ACEH BESAR |
| 199 | CBR | Lembaga Hukum Adat Laot / Panglima Laot - Lhok | LAMKRUET | LHO'NGA/LEUPUNG | ACEH BESAR |
| 200 | CBR | Lembaga Hukum Adat Laot/Panglima Laot - Lamteungoh | LAMTUTUI | PEUKAN BADA | ACEH BESAR |
| 201 | CBR | Yayasan Indra Purwa Sarena | LAM LUMPU | PEUKAN BADA | ACEH BESAR |
| 202 | CBR | Yayasan Maharaja Gurah | GURAH | PEUKAN BADA | ACEH BESAR |
| 203 | CBR | Yayasan Pembangunan desa Lam keumok | LAMKEUMOK | PEUKAN BADA | ACEH BESAR |
| 204 | CBR | Yayasan Kemakmuran Desa Lam Geue | LAM GEU EU | PEUKAN BADA | ACEH BESAR |
| 208 | CBR | FE Unsyiah, Faculty of Economics, Unsyiah | BANDA ACEH | | |
| 209 | ACEO | EMaS (Ekonomi Masyarakat Sipil) | | | |
| 210 | ACEO | SALEUM | | | |
| 211 | ACEO | Yayasan Inovasi Media Aceh | | | |
| 213 | CBR | FE Unsyiah, Faculty of Economics, Unsyiah | BANDA ACEH | | |
| 214 | ACEO | Koalisi NGO HAM Aceh (NGO Coalition for Human Rights) | | | |
| 216 | CBR | Yayasan Indra Purwa Sarena | LAM LUMPU | PEUKAN BADA | ACEH BESAR |
| 219 | CBR | Yayasan Maharaja Gurah | GURAH | PEUKAN BADA | ACEH BESAR |
| 220 | CBR | Yayasan Pembangunan desa Lam keumok | LAMKEUMOK | PEUKAN BADA | ACEH BESAR |
| 221 | CBR | Yayasan Kemakmuran Desa Lam Geue | LAM GEU EU | PEUKAN BADA | ACEH BESAR |
| 222 | CBR | Beudoh Beurata Makmu Sejahtra | BLANG KRUENG | BAITUSSALAM | ACEH BESAR |
| 223 | CBR | Yayasan Blang Amal | BAET | BAITUSSALAM | ACEH BESAR |
| 224 | CBR | Pemuda Peduli Kajhu | KAJHU | BAITUSSALAM | ACEH BESAR |
| 225 | CBR | Pugar Gampong Cadek | CADEK | BAITUSSALAM | ACEH BESAR |
| 226 | CBR | Lembaga Hukum Adat Laot / Panglima Laot - Lhok | LAMKRUET | LHO'NGA/LEUPUNG | ACEH BESAR |
| 227 | CBR | Yayasan Hikmah | MEUNASAH KULAM | MESJID RAYA | ACEH BESAR |
| 228 | CBR | Yayasan Mon Buboh Beudoh Berata | MEUNASAH MON | MESJID RAYA | ACEH BESAR |
| 229 | CBR | Aneuk Laot Beudoh Beusare | MEUNASAH KEUDEE | MESJID RAYA | ACEH BESAR |
| 230 | CBR | Yayasan Ladong Sejahtera | LADONG | MESJID RAYA | ACEH BESAR |
| 231 | CBR | Ikrar Lamteh | LAMTEH | PEUKAN BADA | ACEH BESAR |
| 232 | CBR | Gampong Baro Bijeh Lam Pantee | GAMPONG BARO | PEUKAN BADA | ACEH BESAR |
| 233 | CBR | Lamkota Beudoh Beurata | MEUNASAH TUHA | PEUKAN BADA | ACEH BESAR |
| 234 | CBR | Lembaga Hukom Adat Laot/Panglima Laot - Lamteungoh | LAMTUTUI | PEUKAN BADA | ACEH BESAR |
| 235 | CBR | Lembaga Hukom Adat Laot/Panglima Laot - Lamteungoh | LAMTEUNGOH | PEUKAN BADA | ACEH BESAR |
| 236 | CBR | Lembaga Hukum Adat Laot / Panglima Laot - Lhok | LAMPAYA | LHO'NGA/LEUPUNG | ACEH BESAR |
| 237 | CBR | Lembaga Hukum Adat Laot / Panglima Laot - Lhok | MON IKEUN | LHO'NGA/LEUPUNG | ACEH BESAR |
| 238 | CBR | Imawar Beudoh Beurata | WEU RAYA | LHO'NGA/LEUPUNG | ACEH BESAR |
| 239 | CBR | Yayasan Bagi Beurata | MIRUK TAMAN | DARUSSALAM | ACEH BESAR |
| 240 | CBR | Yayasan Tengku Menasah Blang | LAM PEUDAYA | DARUSSALAM | ACEH BESAR |
| 241 | CBR | Yayasan Udep Saree | SULEUE | DARUSSALAM | ACEH BESAR |
| 242 | CBR | Yayasan Tanjung Sejahtera | TANJUNG DEAH | DARUSSALAM | ACEH BESAR |
| 243 | CBR | LRC (Lampuuk Recovery Center) | MEUNASAH LAMBARO | LHO'NGA/LEUPUNG | ACEH BESAR |
| 244 | CBR | LRC (Lampuuk Recovery Center) | MEUNASAH MESJID LAMPUUK | LHO'NGA/LEUPUNG | ACEH BESAR |
| 245 | CBR | LRC (Lampuuk Recovery Center) | MEUNASAH BALEE | LHO'NGA/LEUPUNG | ACEH BESAR |
| 246 | CBR | Yayasan Bantu Masyarakat | TANJUNG SELAMAT | DARUSSALAM | ACEH BESAR |
| 248 | CBR | Yayasan Hudeep Baroe Meunasah Mesjid | MESJID LEUPUNG | LEUPUNG | ACEH BESAR |
| 249 | CBR | Yayasan Peumakmu Blangme | UMONG SEURIBEE | LHOONG | ACEH BESAR |
| 250 | CBR | Peugoet Gampong Pulot | PULOT | LEUPUNG | ACEH BESAR |
| 251 | CBR | Yayasan Tuah Sarah Raya | LAMSEUNIA | LEUPUNG | ACEH BESAR |
| 252 | CBR | Yayasan Peudong Meunasah Bak'U | MEUNASAH BAK UE | LEUPUNG | ACEH BESAR |
| 253 | CBR | Yayasan Dayah Mamplam Mandiri | DEAH MAMPLAM | LEUPUNG | ACEH BESAR |
| 254 | CBR | Yayasan Peumakmu Blangme | BAROH BLANGMEE | LHOONG | ACEH BESAR |
| 255 | CBR | Yayasan Peumakmu Blangme | BAROH GEUNTEUT | LHOONG | ACEH BESAR |
| 256 | CBR | Yayasan Peumakmu Blangme | TEUNGOH GEUNTEUT | LHOONG | ACEH BESAR |
| 257 | CBR | Yayasan Peumakmu Blangme | LAMKUTA BLANGMEE | LHOONG | ACEH BESAR |
| 258 | CBR | Yayasan Peumakmu Blangme | TEUNGOH BLANGMEE | LHOONG | ACEH BESAR |
| 259 | CBR | Yayasan PEMPAS (Pemberdayaan Ekonomi Masyarakat Pasi Lhok) | PASI LHOK | KEMBANG TANJUNG | PIDIE |
| 260 | CBR | Yayasan Gampong Sehati | LANCANG | KEMBANG TANJUNG | PIDIE |
| 261 | CBR | Yayasan PERMATA (Pemberdayaan Ekonomi Maysarakat Pante Raja) | TUNONG PANTEE RAJA | PANTE RAJA | PIDIE |
| 262 | CBR | Yayasan Gampong Peurade | PEURADEU | PANTE RAJA | PIDIE |
| 263 | CBR | Yayasan Mekar | COT LHEU RHENG | TRIENGGADENG | PIDIE |
| 264 | CBR | Yayasan PERMAI (Perhimpunan Masyarakat Idealis) | MEUE | TRIENGGADENG | PIDIE |
| 265 | CBR | Yayasan Gampong Makmu Sejahtera | KUPULA | SIMPANG TIGA | PIDIE |
| 266 | CBR | Yayasan Gampong Makmu Beusare | MNS GONG | SIMPANG TIGA | PIDIE |
| 267 | CBR | Yayasan Gampong Idaman | PULO GAJAH MATE | SIMPANG TIGA | PIDIE |
| 268 | CBR | Yayasan Peduli Gampong Jeumeurang | JEMEURANG | KEMBANG TANJUNG | PIDIE |
| 269 | CBR | Yayasan Gampong Makmu Beurata | MESJID GIGIENG | SIMPANG TIGA | ACEH BESAR |
| 270 | CBR | Yayasan Bintang Hue | BAHAGIA | KRUENG SABEE | ACEH JAYA |
| 271 | CBR | Yayasan Mutiara Laut | SANEY | LHOONG | ACEH BESAR |

| Grant | ACEO/CBR | Grantee | Village | Kecamatan | Kabupaten |
|---|---|---|---|---|---|
| 272 | CBR | Yayasan Teumareum Seroja Permai | TEUMAREUM | JAYA | ACEH JAYA |
| 273 | CBR | Yayasan Utamong Sejahtera | UTAMONG | LHOONG | ACEH BESAR |
| 274 | CBR | Peugoet Gampong Pulot | PULOT | LEUPUNG | ACEH BESAR |
| 275 | CBR | Yayasan Dayah Mamplam Mandiri | DEAH MAMPLAM | LEUPUNG | ACEH BESAR |
| 280 | ACEO | Kabupaten Bireuen | | | BIREUEN |
| 281 | ACEO | Kabupaten Aceh Utara | | | ACEH UTARA |
| 282 | ACEO | Kabupaten Aceh Timur | | | ACEH TIMUR |
| 283 | ACEO | Kantor Gubernur Propinsi NAD | | | |
| 285 | ACEO | Kabupaten Bireuen | | | BIREUEN |
| 286 | ACEO | Kabupaten Aceh Utara | | | ACEH UTARA |
| 287 | ACEO | Kabupaten Aceh Timur | | | ACEH TIMUR |
| 291 | CBR | Yayasan Peumakmu Blangme | LAMKUTA BLANGMEE | LHOONG | ACEH BESAR |
| 292 | CBR | Yayasan Peumakmu Blangme | BAROH BLANGMEE | LHOONG | ACEH BESAR |
| 293 | CBR | Yayasan Peumakmu Blangme | UMONG SEURIBEE | LHOONG | ACEH BESAR |
| 294 | CBR | Yayasan Peumakmu Blangme | TEUNGOH BLANGMEE | LHOONG | ACEH BESAR |
| 295 | CBR | Yayasan Peumakmu Blangme | BAROH GEUNTEUT | LHOONG | ACEH BESAR |
| 296 | CBR | Yayasan Peumakmu Blangme | TEUNGOH GEUNTEUT | LHOONG | ACEH BESAR |
| 298 | CBR | Yayasan Bantu Masyarakat | TANJUNG SELAMAT | DARUSSALAM | ACEH BESAR |
| 299 | CBR | Yayasan Bantu Masyarakat | TANJUNG SELAMAT | DARUSSALAM | ACEH BESAR |
| 300 | ACEO | IMC, International Medical Corps | | | |
| 302 | ACEO | ASPA, Aliansi Sarjana Pendidikan Aceh (Aceh Education Scholar Alliance | LHOKSEUMAWE | | KOTA LHOKSEUMAWE |
| 303 | ACEO | Kabupaten Bireuen | BIREUEN | | BIREUEN |
| 304 | ACEO | Kabupaten Aceh Utara | | | ACEH UTARA |
| 305 | ACEO | Kabupaten Aceh Timur | | | ACEH TIMUR |
| 306 | CBR | Yayasan Gampong Makmu Sejahtera | KUPULA | SIMPANG TIGA | PIDIE |
| 307 | CBR | Yayasan Gampong Idaman | PULO GAJAH MATE | SIMPANG TIGA | PIDIE |
| 309 | CBR | Yayasan Tengku Menasah Blang | LAM PEUDAYA | DARUSSALAM | ACEH BESAR |
| 310 | CBR | Yayasan Udep Saree | SULEUE | DARUSSALAM | ACEH BESAR |
| 311 | CBR | Yayasan Bagi Beurata | MIRUK TAMAN | DARUSSALAM | ACEH BESAR |
| 312 | CBR | Yayasan Tanjung Sejahtera | TANJUNG DEAH | DARUSSALAM | ACEH BESAR |
| 313 | CBR | Beudoh Beurata Makmu Sejahtra | BLANG KRUENG | BAITUSSALAM | ACEH BESAR |
| 314 | CBR | Yayasan Bagi Beurata | MIRUK TAMAN | DARUSSALAM | ACEH BESAR |
| 315 | CBR | Yayasan Ladong Sejahtera | LADONG | MESJID RAYA | ACEH BESAR |
| 316 | CBR | Yayasan Mon Buboh Beudoh Berata | MEUNASAH MON | MESJID RAYA | ACEH BESAR |
| 317 | CBR | Yayasan Bantu Masyarakat | TANJUNG SELAMAT | DARUSSALAM | ACEH BESAR |
| 318 | CBR | Yayasan Tanjung Sejahtera | TANJUNG DEAH | DARUSSALAM | ACEH BESAR |
| 319 | CBR | Yayasan Mutiara Laut | SANEY | LHOONG | ACEH BESAR |
| 320 | CBR | Yayasan Utamong Sejahtera | UTAMONG | LHOONG | ACEH BESAR |
| 321 | CBR | Yayasan Bintang Hue | BAHAGIA | KRUENG SABEE | ACEH JAYA |
| 322 | CBR | Yayasan Kuala Putra | KUALA | JAYA | ACEH JAYA |
| 323 | CBR | Yayasan Teumareum Seroja Permai | TEUMAREUM | JAYA | ACEH JAYA |
| 324 | CBR | Yayasan Peumakmu Blangme | LAMKUTA BLANGMEE | LHOONG | ACEH BESAR |
| 325 | CBR | Yayasan Dayah Mamplam Mandiri | DEAH MAMPLAM | LEUPUNG | ACEH BESAR |
| 326 | CBR | Yayasan Tuah Sarah Raya | LAMSEUNIA | LEUPUNG | ACEH BESAR |
| 327 | CBR | Yayasan Peugoet Gampong Pulot | PULOT | LEUPUNG | ACEH BESAR |
| 328 | CBR | Yayasan Hudeep Baroe Meunasah Mesjid | MESJID LEUPUNG | LEUPUNG | ACEH BESAR |
| 329 | CBR | Yayasan Peugoet Gampong Pulot | PULOT | LEUPUNG | ACEH BESAR |
| 330 | CBR | Yayasan Hudeep Baroe Meunasah Mesjid | MESJID LEUPUNG | LEUPUNG | ACEH BESAR |
| 331 | CBR | Yayasan Dayah Mamplam Mandiri | DEAH MAMPLAM | LEUPUNG | ACEH BESAR |
| 332 | CBR | Yayasan Peudong Meunasah Bak'U | MEUNASAH BAK UE | LEUPUNG | ACEH BESAR |
| 333 | CBR | Yayasan Peumakmu Blangme | BAROH BLANGMEE | LHOONG | ACEH BESAR |
| 334 | CBR | Yayasan Peumakmu Blangme | BAROH GEUNTEUT | LHOONG | ACEH BESAR |
| 335 | CBR | Yayasan Peumakmu Blangme | TEUNGOH GEUNTEUT | LHOONG | ACEH BESAR |
| 336 | CBR | Yayasan Peumakmu Blangme | LAMKUTA BLANGMEE | LHOONG | ACEH BESAR |
| 337 | CBR | Yayasan Peumakmu Blangme | TEUNGOH BLANGMEE | LHOONG | ACEH BESAR |
| 338 | CBR | Yayasan Peudong Meunasah Bak'U | MEUNASAH BAK UE | LEUPUNG | ACEH BESAR |
| 339 | CBR | Yayasan Kemakmuran Desa Lam Geue | LAM GEU EU | PEUKAN BADA | ACEH BESAR |
| 340 | CBR | Ikrar Lamteh | LAMTEH | PEUKAN BADA | ACEH BESAR |
| 341 | CBR | Gampong Baro Bijeh Lam Pantee | GAMPONG BARO | PEUKAN BADA | ACEH BESAR |
| 342 | CBR | Lamkota Beudoh Beurata | MEUNASAH TUHA | PEUKAN BADA | ACEH BESAR |
| 343 | CBR | Lembaga Hukom Adat Laot/Panglima Laot - Lamteungoh | LAMTEUNGOH | PEUKAN BADA | ACEH BESAR |
| 344 | CBR | Lembaga Hukom Adat Laot/Panglima Laot - Lamteungoh | LAMTUTUI | PEUKAN BADA | ACEH BESAR |
| 346 | CBR | Yayasan Peumakmu Blangme | UMONG SEURIBEE | LHOONG | ACEH BESAR |
| 347 | CBR | Pemuda Peduli Kajhu | KAJHU | BAITUSSALAM | ACEH BESAR |
| 348 | CBR | Yayasan Gampong Makmu Beurata | MESJID GIGIENG | SIMPANG TIGA | PIDIE |
| 349 | CBR | Yayasan Gampong Makmu Beusare | MNS GONG | SIMPANG TIGA | PIDIE |
| 350 | CBR | Yayasan Gampong Makmu Sejahtera | KUPULA | SIMPANG TIGA | PIDIE |
| 351 | CBR | Yayasan Gampong Makmu Beusare | MNS GONG | SIMPANG TIGA | PIDIE |
| 352 | CBR | Yayasan Gampong Idaman | PULO GAJAH MATE | SIMPANG TIGA | PIDIE |
| 353 | CBR | Yayasan Gampong Sehati | LANCANG | KEMBANG TANJUNG | PIDIE |
| 354 | CBR | Yayasan Peduli Gampong Jeumeurang | JEMEURANG | KEMBANG TANJUNG | PIDIE |
| 355 | CBR | Yayasan PEMPAS (Pemberdayaan Ekonomi Masyarakat Pasi Lhok) | PASI LHOK | KEMBANG TANJUNG | PIDIE |
| 356 | CBR | Yayasan Gampong Peurade | PEURADEU | PANTE RAJA | PIDIE |
| 357 | CBR | Yayasan Mekar | COT LHEU RHENG | TRIENGGADENG | PIDIE |
| 358 | CBR | Yayasan PEMPAS (Pemberdayaan Ekonomi Masyarakat Pasi Lhok) | PASI LHOK | KEMBANG TANJUNG | PIDIE |
| 359 | CBR | Yayasan PERMATA (Pemberdayaan Ekonomi Masyarakat Pante Raja) | TUNONG PANTEE RAJA | PANTE RAJA | PIDIE |
| 360 | CBR | Lamkota Beudoh Beurata | MEUNASAH TUHA | PEUKAN BADA | ACEH BESAR |
| 361 | CBR | Yayasan Kemakmuran Desa Lam Geue | LAM GEU EU | PEUKAN BADA | ACEH BESAR |
| 362 | CBR | Lembaga Hukom Adat Laot/Panglima Laot - Lamteungoh | LAMTEUNGOH | PEUKAN BADA | ACEH BESAR |
| 363 | CBR | Lembaga Hukom Adat Laot/Panglima Laot - Lamteungoh | LAMTUTUI | PEUKAN BADA | ACEH BESAR |
| 364 | CBR | Yayasan Indra Purwa Sarena | LAM LUMPU | PEUKAN BADA | ACEH BESAR |
| 365 | CBR | Yayasan Maharaja Gurah | GURAH | PEUKAN BADA | ACEH BESAR |

| Grant | ACEO/CBR | Grantee | Village | Kecamatan | Kabupaten |
|---|---|---|---|---|---|
| 366 | CBR | Koperasi Makmu Beusare | LAMKRUET | LHO'NGA/LEUPUNG | ACEH BESAR |
| 367 | CBR | Monikeuna Jaya | MON IKEUN | LHO'NGA/LEUPUNG | ACEH BESAR |
| 368 | CBR | Yayasan Balee Blang | MEUNASAH LAMBARO | LHO'NGA/LEUPUNG | ACEH BESAR |
| 369 | CBR | Yayasan Makmu Ratana | MEUNASAH MESJID LAMPUUK | LHO'NGA/LEUPUNG | ACEH BESAR |
| 370 | CBR | Yayasan Makmu Ratana | MEUNASAH MESJID LAMPUUK | LHO'NGA/LEUPUNG | ACEH BESAR |
| 371 | CBR | Imawar Beudoh Beurata | WEU RAYA | LHO'NGA/LEUPUNG | ACEH BESAR |
| 372 | CBR | Yayasan Tengku Menasah Blang | LAM PEUDAYA | DARUSSALAM | ACEH BESAR |
| 375 | CBR | Yayasan Maharaja Gurah | GURAH | PEUKAN BADA | ACEH BESAR |
| 376 | CBR | Yayasan Indra Purwa Sarena | LAM LUMPU | PEUKAN BADA | ACEH BESAR |
| 377 | CBR | Yayasan Pembangunan desa Lam keumok | LAMKEUMOK | PEUKAN BADA | ACEH BESAR |
| 378 | CBR | Ikrar Lamteh | LAMTEH | PEUKAN BADA | ACEH BESAR |
| 379 | CBR | Koperasi Makmu Beusare | LAMKRUET | LHO'NGA/LEUPUNG | ACEH BESAR |
| 380 | CBR | Kelompok Tani Hidup Baru | LAMPAYA | LHO'NGA/LEUPUNG | ACEH BESAR |
| 381 | CBR | Yayasan Balee Blang | MEUNASAH LAMBARO | LHO'NGA/LEUPUNG | ACEH BESAR |
| 382 | CBR | Yayasan Gampong Peurade | PEURADEU | PANTE RAJA | PIDIE |
| 383 | CBR | Yayasan Pembangunan desa Lam keumok | LAMKEUMOK | PEUKAN BADA | ACEH BESAR |
| 384 | CBR | Imawar Beudoh Beurata | WEU RAYA | LHO'NGA/LEUPUNG | ACEH BESAR |
| 385 | CBR | Yayasan Peduli Gampong Jeumeurang | JEMEURANG | KEMBANG TANJUNG | PIDIE |
| 386 | CBR | Yayasan Gampong Sehati | LANCANG | KEMBANG TANJUNG | PIDIE |
| 387 | CBR | Yayasan PERMAI (Perhimpunan Masyarakat Idealis) | MEUE | TRIENGGADENG | PIDIE |
| 388 | CBR | LRC (Lampuuk Recovery Center) | MEUNASAH BALEE | LHO'NGA/LEUPUNG | ACEH BESAR |
| 393 | ACEO | Kecamatan Muara Dua | | MUARA DUA | KOTA LHOKSEUMAWE |
| 394 | ACEO | Kecamatan Peureulak | | PEUREULAK | ACEH TIMUR |
| 395 | ACEO | Kecamatan Madat | | MADAT | ACEH TIMUR |
| 396 | ACEO | Kecamatan Bandar Juli | | JULI | BIREUEN |
| 397 | ACEO | Kecamatan Sawang | | SAWANG | ACEH UTARA |
| 398 | ACEO | SD Negeri Buket Pala | PAYA KALUT | PEUREULAK | ACEH TIMUR |
| 399 | ACEO | MIN Paya Meuligo | PAYA MEULIGO | PEUREULAK | BIREUEN |
| 400 | ACEO | SD Negeri 9 Juli | SIMPANG JAYA | JULI | BIREUEN |
| 401 | ACEO | Yayasan Ingat Beusaree Piki Beurata | MANE MEUJINGKI | JULI | BIREUEN |
| 402 | ACEO | Yayasan Beusarena | BLANG KEUTUMBA | JULI | BIREUEN |
| 403 | ACEO | Yayasan Bustanul Jadid | ABEUK BUDI | JULI | BIREUEN |
| 404 | ACEO | Yayasan Udep Beusaree | BUNYOT | JULI | BIREUEN |
| 406 | ACEO | SD Negeri 2 Bintah | PANTE BAYAM | MADAT | ACEH TIMUR |
| 407 | ACEO | SD Negeri Meunasah Asan | MEUNASAH ASAN | MADAT | ACEH TIMUR |
| 408 | ACEO | MIN Lueng Satu | LUENG SATU | MADAT | ACEH TIMUR |
| 409 | ACEO | SD Negeri Matang Guru | MATANG GURU | MADAT | ACEH TIMUR |
| 410 | ACEO | SD Negeri 2 Seuneubok Pidie | SEUNEUBOK PIDIE | MADAT | ACEH TIMUR |
| 412 | ACEO | SD Negeri 9 Sawang | KUBU | SAWANG | ACEH UTARA |
| 413 | ACEO | SD Swasta 25 | RISEH TUNONG | SAWANG | ACEH UTARA |
| 414 | ACEO | SD Negeri 24 | RISEH TUNONG | SAWANG | ACEH UTARA |
| 415 | ACEO | SD Negeri 11 | RISEH TUNONG | SAWANG | ACEH UTARA |
| 417 | ACEO | SD Negeri 16 Sawang | GUNCI | SAWANG | ACEH UTARA |
| 418 | ACEO | SD Negeri 11 Juli | BATEE RAYA | JULI | BIREUEN |
| 419 | ACEO | SD Negeri 1 Juli | JULI KEUDEE DUA | JULI | BIREUEN |
| 420 | ACEO | SD Negeri 10 Juli | ABEUK BUDI | JULI | BIREUEN |
| 421 | ACEO | SD Negeri 8 Juli | JULI MEUNASAH SEUTUY | JULI | BIREUEN |
| 422 | ACEO | SD Negeri 3 Juli | PANTE BARO | JULI | BIREUEN |
| 423 | ACEO | SD Negeri 14 Juli | TEUPIN MANEE | JULI | BIREUEN |
| 424 | ACEO | SD Negeri 17 Juli | JULI COT MESJID | JULI | BIREUEN |
| 425 | ACEO | SD Negeri 18 Juli | BLANG KEUTUMBA | JULI | BIREUEN |
| 426 | ACEO | MIN Juli Bireuen | JULI KEUDEE DUA | JULI | BIREUEN |
| 427 | ACEO | MIN Blang Simpo | BLANG SIMPO | PEUREULAK | ACEH TIMUR |
| 428 | ACEO | SD Negeri 19 Muara Satu | BLANG PANYANG | MUARA DUA | KOTA LHOKSEUMAWE |
| 429 | ACEO | SD Negeri Lueng Satu | LUENG SATU | MADAT | ACEH TIMUR |
| 430 | ACEO | MIN Meuria Paloh | MEURIA | MUARA DUA | KOTA LHOKSEUMAWE |
| 431 | ACEO | SD Negeri 8 Muara Satu | PADANG SAKTI | MUARA DUA | KOTA LHOKSEUMAWE |
| 432 | ACEO | SD Negeri 2 Juli | KRUENG SIMPO | JULI | BIREUEN |
| 433 | ACEO | SD Negeri 4 Juli | JULI SEUPENG | JULI | BIREUEN |
| 434 | ACEO | SD Negeri 5 Juli | JULI MEE TEUNGOH | JULI | BIREUEN |
| 435 | ACEO | SD Negeri 6 Juli | BUIKIT MULIA | JULI | BIREUEN |
| 436 | ACEO | SD Negeri 7 Juli | JULI COT MESJID | JULI | BIREUEN |
| 437 | ACEO | SD Negeri 12 Juli | KRUENG SIMPO | JULI | BIREUEN |
| 438 | ACEO | SD Negeri 13 Juli | PAYA CUT | JULI | BIREUEN |
| 439 | ACEO | SD Negeri 16 Juli | BUNYOT | JULI | BIREUEN |
| 440 | ACEO | MIN Cek Mbon | CEK MBON | PEUREULAK | ACEH TIMUR |
| 441 | ACEO | SD Negeri 10 Muara Satu | COT TRIENG | MUARA DUA | KOTA LHOKSEUMAWE |
| 442 | ACEO | MIN Sawang | BLANG TEURAKAN | SAWANG | ACEH UTARA |
| 443 | ACEO | SD Negeri 1 Sawang | SAWANG | SAWANG | ACEH UTARA |
| 444 | ACEO | SD Negeri 4 Sawang | RISEH TEUNGOH | SAWANG | ACEH UTARA |
| 445 | ACEO | SD Negeri 14 Sawang | RISEH BAROH | SAWANG | ACEH UTARA |
| 446 | ACEO | SD Negeri 19 Sawang | SAWANG | SAWANG | ACEH UTARA |
| 447 | ACEO | SD Negeri 23 Sawang | GUNCI | SAWANG | ACEH UTARA |
| 448 | ACEO | SD Negeri 15 Juli | BUNYOT | JULI | BIREUEN |
| 449 | ACEO | SD Negeri 19 Juli | SUKA TANI | JULI | BIREUEN |
| 450 | ACEO | MIN Cot Meurak | JULI COT MESJID | JULI | BIREUEN |
| 451 | ACEO | SD Negeri 1 Bintah | BINTAH | PEUREULAK | ACEH TIMUR |
| 452 | ACEO | SD Negeri Cek Mbon | LEUBUK PEMPENG | PEUREULAK | ACEH TIMUR |
| 454 | CBR | Yayasan Utamong Sejahtera | UTAMONG | LHOONG | ACEH BESAR |
| 455 | CBR | Yayasan Bintang Hue | BAHAGIA | KRUENG SABEE | ACEH JAYA |
| 456 | CBR | Yayasan Kuala Putra | KUALA | JAYA | ACEH JAYA |
| 457 | CBR | Gampong Baro Bijeh Lam Pantee | GAMPONG BARO | PEUKAN BADA | ACEH BESAR |

| Grant | ACEO/CBR | Grantee | Village | Kecamatan | Kabupaten |
|---|---|---|---|---|---|
| 458 | CBR | Yayasan Kemakmuran Desa Lam Geue | LAM GEU EU | PEUKAN BADA | ACEH BESAR |
| 459 | CBR | Lembaga Hukom Adat Laot/Panglima Laot - Lamteungoh | LAMTUTUI | PEUKAN BADA | ACEH BESAR |
| 460 | CBR | Yayasan Gampong Makmu Sejahtera | KUPULA | SIMPANG TIGA | PIDIE |
| 461 | CBR | Yayasan Gampong Makmu Beurata | MESJID GIGIENG | SIMPANG TIGA | PIDIE |
| 462 | CBR | Yayasan Gampong Makmu Beusare | MNS GONG | SIMPANG TIGA | PIDIE |
| 463 | CBR | Yayasan Gampong Idaman | PULO GAJAH MATE | SIMPANG TIGA | PIDIE |
| 464 | CBR | Yayasan Mutiara Laut | SANEY | LHOONG | ACEH BESAR |
| 465 | CBR | Yayasan Teumareum Seroja Permai | TEUMAREUM | JAYA | ACEH JAYA |
| 466 | CBR | Yayasan Teumareum Seroja Permai | TEUMAREUM | JAYA | ACEH JAYA |
| 467 | ACEO | Yayasan Darul Falah | CEK MBON | PEUREULAK | ACEH TIMUR |
| 468 | ACEO | Yayasan Damai Sejahtera | LEUBUK PEMPENG | PEUREULAK | ACEH TIMUR |
| 469 | ACEO | Yayasan Syiah Hudam | BLANG SIMPO | PEUREULAK | ACEH TIMUR |
| 470 | ACEO | Yayasan Sama Rasa | PAYA KALUT | PEUREULAK | ACEH TIMUR |
| 471 | ACEO | Yayasan Nurul A'la | PAYA MEULIGO | PEUREULAK | ACEH TIMUR |
| 472 | ACEO | Yayasan Tunah Nanggroe | SEUNEUBOK PIDIE | PEUREULAK | ACEH TIMUR |
| 473 | ACEO | Yayasan Bungong Ban Keumang | BLANG ANDAM | PEUREULAK | ACEH TIMUR |
| 474 | ACEO | Yayasan Gab That | BINTAH | PEUREULAK | ACEH TIMUR |
| 475 | ACEO | Yayasan Rincoeng Atjeh | BLANG AWE | PEUREULAK | ACEH TIMUR |
| 476 | ACEO | Yayasan Payoeng Rahmat | PANTE MEUREUBO | PEUREULAK | ACEH TIMUR |
| 477 | ACEO | Yayasan Uswatul Hasanah | LUENG SATU | PEUREULAK | ACEH TIMUR |
| 478 | ACEO | Yayasan Udep Beusare | LUENG PEUT | PEUREULAK | ACEH TIMUR |
| 479 | ACEO | Yayasan Sampoh le Mata | LUENG DUA | PEUREULAK | ACEH TIMUR |
| 480 | ACEO | Yayasan Makmu Beurata | MATANG GURU | PEUREULAK | ACEH TIMUR |
| 481 | ACEO | Yayasan Al Hidayah | PANTE BAYAM | PEUREULAK | ACEH TIMUR |
| 482 | ACEO | Yayasan Nurul Fata | MEUNASAH TINGKEUM | PEUREULAK | ACEH TIMUR |
| 483 | ACEO | Yayasan Makmu Beuadee | MEUNASAH ASAN | PEUREULAK | ACEH TIMUR |
| 484 | ACEO | Yayasan Rahmatillah | SEUNEUBOK PEURADEN | JULI | BIREUEN |
| 485 | ACEO | Yayasan Tengku Dirangkileh | ALUE UNOU | JULI | BIREUEN |
| 486 | ACEO | Yayasan Pulo Tengku Dian | BATEE RAYA | JULI | BIREUEN |
| 487 | ACEO | Yayasan Bangkit Beusare | JULI MEE TEUNGOH | JULI | BIREUEN |
| 488 | ACEO | Yayasan Udep Sejahtera | JULI MEE TEUNGOH | JULI | BIREUEN |
| 489 | ACEO | Yayasan Bina Seujahtera | GEULUMPANG MEU JIMJIM | JULI | BIREUEN |
| 490 | ACEO | Yayasan Pulo Keumiroe | JULI SEUPENG | JULI | BIREUEN |
| 491 | ACEO | Yayasan Lampoh Jaya | JULI TENGKU DILAMPOH | JULI | BIREUEN |
| 492 | ACEO | Yayasan Al Mizan | KRUENG SIMPO | JULI | BIREUEN |
| 493 | ACEO | Yayasan Buket Seujahtera | ALUE RAMBONG | JULI | BIREUEN |
| 494 | ACEO | Yayasan Tgk. Muda Cut Lateh | TEUPIN MANEE | JULI | BIREUEN |
| 495 | ACEO | Yayasan Tengku Disarah | PAYA CUT | JULI | BIREUEN |
| 496 | ACEO | Yayasan Mardhatillah | SUKA TANI | JULI | BIREUEN |
| 497 | ACEO | Yayasan Tunas Barona | SIMPANG JAYA | JULI | BIREUEN |
| 498 | ACEO | Yayasan Hidup Seujahtera | BUKIT MULIA | JULI | BIREUEN |
| 499 | ACEO | Yayasan Adee Beurata | PANTE BARO | JULI | BIREUEN |
| 500 | ACEO | Yayasan Beusaboh Hatee | SEUNEUBOK GUNCI | JULI | BIREUEN |
| 501 | ACEO | Yayasan Tamboriah | JULI TAMBO/TANJONG | JULI | BIREUEN |
| 502 | ACEO | Yayasan Juli Paman Sam | JULI TAMBO/TANJONG | JULI | BIREUEN |
| 503 | ACEO | Yayasan Marwah Nanggroe | JULI MEUNASAH SEUTUY | JULI | BIREUEN |
| 504 | ACEO | Yayasan Tapak Poe Teumeuruehom | JULI COT MESJID | JULI | BIREUEN |
| 505 | ACEO | Yayasan Teungku Samudra | JULI PAYA RU | JULI | BIREUEN |
| 506 | ACEO | Yayasan Ade Beurata | JULI KEUDEE DUA | JULI | BIREUEN |
| 507 | ACEO | Yayasan Sejahtera Mandum | RISEH TUNONG | SAWANG | ACEH UTARA |
| 508 | ACEO | Yayasan Makmu Beusare Ade Beurata | GUNCI | SAWANG | ACEH UTARA |
| 509 | ACEO | Yayasan Udep Beusenang | KUBU | SAWANG | ACEH UTARA |
| 510 | ACEO | Yayasan Miskin Mita Jaya | BLANG CUT | SAWANG | ACEH UTARA |
| 511 | ACEO | Yayasan Mita Beusare Wase Beusama | RISEH TEUNGOH | SAWANG | ACEH UTARA |
| 512 | ACEO | Yayasan Kebahagian Bersama | RISEH BAROH | SAWANG | ACEH UTARA |
| 513 | ACEO | Yayasan Udep Beusare Bagi Bersama | LHOK CUT | SAWANG | ACEH UTARA |
| 514 | ACEO | Yayasan Udeup Beusare Beudeh Beurata | SAWANG | SAWANG | ACEH UTARA |
| 515 | ACEO | Yayasan Makmu Beusare Udep Sejahtera | BLANG TEUNGOH | SAWANG | ACEH UTARA |
| 516 | ACEO | Yayasan Beudoh Maju Beusare Tabina Beusama | JURONG | SAWANG | ACEH UTARA |
| 517 | ACEO | Ingin Jaya | BLANG MANYAK | SAWANG | ACEH UTARA |
| 518 | ACEO | Yayasan Suka Maju | LHOK JOK | SAWANG | ACEH UTARA |
| 519 | ACEO | Yayasan Tengku Mon Carak | BLANG PALOH TIMUR | MUARA DUA | KOTA LHOKSEUMAWE |
| 520 | ACEO | Yayasan Rahmat Beusaraee | MNS DAYAH | MUARA DUA | KOTA LHOKSEUMAWE |
| 521 | ACEO | Yayasan Masyarakat Meuria Paloh | MEURIA | MUARA DUA | KOTA LHOKSEUMAWE |
| 522 | ACEO | Yayasan Aneuk Nanggroe | PALOH PUNTI | MUARA DUA | KOTA LHOKSEUMAWE |
| 523 | ACEO | Yayasan Tengku Chik Dipaloh | COT TRIENG | MUARA DUA | KOTA LHOKSEUMAWE |
| 524 | ACEO | Yayasan Beudoh Beusaree | PADANG SAKTI | MUARA DUA | KOTA LHOKSEUMAWE |
| 526 | CBR | Yayasan Hikmah | MEUNASAH KULAM | MESJID RAYA | ACEH BESAR |
| 527 | CBR | Yayasan Bantu Masyarakat | TANJUNG SELAMAT | DARUSSALAM | ACEH BESAR |
| 528 | CBR | Yayasan Udep Saree | SULEUE | DARUSSALAM | ACEH BESAR |
| 529 | CBR | Yayasan Bagi Beurata | MIRUK TAMAN | DARUSSALAM | ACEH BESAR |
| 530 | CBR | Yayasan Ladong Sejahtera | LADONG | MESJID RAYA | ACEH BESAR |
| 531 | CBR | Beudoh Beurata Makmu Sejahtra | BLANG KRUENG | BAITUSSALAM | ACEH BESAR |
| 532 | CBR | Yayasan Tanjung Sejahtera | TANJUNG DEAH | DARUSSALAM | ACEH BESAR |
| 533 | CBR | Yayasan Tengku Menasah Blang | LAM PEUDAYA | DARUSSALAM | ACEH BESAR |
| 534 | CBR | Yayasan Gampong Makmu Beurata | MESJID GIGIENG | SIMPANG TIGA | PIDIE |
| 535 | CBR | Yayasan Teumareum Seroja Permai | TEUMAREUM | JAYA | ACEH JAYA |
| 537 | ACEO | Yayasan Ingin Jaya | BUKET PALA | PEUREULAK | ACEH TIMUR |
| 538 | | Bappeda Aceh Utara | | | ACEH UTARA |
| 539 | CBR | Yayasan Kemakmuran Desa Lam Geue | LAM GEU EU | PEUKAN BADA | ACEH BESAR |
| 540 | CBR | Gampong Baro Bijeh Lam Pantee | GAMPONG BARO | PEUKAN BADA | ACEH BESAR |
| 541 | CBR | Yayasan Indra Purwa Sarena | LAM LUMPU | PEUKAN BADA | ACEH BESAR |

| Grant | ACEO/CBR | Grantee | Village | Kecamatan | Kabupaten |
|---|---|---|---|---|---|
| 542 | CBR | Yayasan Maharaja Gurah | GURAH | PEUKAN BADA | ACEH BESAR |
| 543 | CBR | Ikrar Lamteh | LAMTEH | PEUKAN BADA | ACEH BESAR |
| 544 | CBR | Koperasi Makmu Beusare | LAMKRUET | LHO'NGA/LEUPUNG | ACEH BESAR |
| 545 | CBR | Kelompok Tnai Hidup Baru | LAMPAYA | LHOKNGA/LEUPUNG | ACEH BESAR |
| 546 | CBR | Yayasan Makmu Ratana | MEUNASAH MESJID LAMPUUK | LHO'NGA/LEUPUNG | ACEH BESAR |
| 547 | CBR | Monikeuna Jaya | MON IKEUN | LHOKNGA/LEUPUNG | ACEH BESAR |
| 548 | CBR | Yayasan Pembangunan desa Lam keumok | LAMKEUMOK | PEUKAN BADA | ACEH BESAR |
| 549 | CBR | Yayasan Peumakmu Blangme | LAMKUTA BLANGMEE | LHOONG | ACEH BESAR |
| 550 | CBR | Yayasan Peumakmu Blangme | TEUNGOH BLANGMEE | LHOONG | ACEH BESAR |
| 551 | CBR | Yayasan Peumakmu Blangme | BAROH BLANGMEE | LHOONG | ACEH BESAR |
| 552 | CBR | Monikeuna Jaya | MON IKEUN | LHO'NGA/LEUPUNG | ACEH BESAR |
| 553 | CBR | Yayasan Gampong Makmu Sejahtera | KUPULA | SIMPANG TIGA | PIDIE |
| 554 | CBR | Yayasan Gampong Makmu Beurata | MESJID GIGIENG | SIMPANG TIGA | PIDIE |
| 555 | CBR | Yayasan Gampong Makmu Beusare | MNS GONG | SIMPANG TIGA | PIDIE |
| 556 | CBR | Yayasan Gampong Idaman | PULO GAJAH MATE | SIMPANG TIGA | PIDIE |
| 557 | CBR | Yayasan Gampong Sehati | LANCANG | KEMBANG TANJUNG | PIDIE |
| 558 | CBR | Yayasan Gampong Sehati | LANCANG | KEMBANG TANJUNG | PIDIE |
| 559 | CBR | Yayasan PEMPAS (Pemberdayaan Ekonomi Masyarakat Pasi Lhok) | PASI LHOK | KEMBANG TANJUNG | PIDIE |
| 560 | CBR | Yayasan PEMPAS (Pemberdayaan Ekonomi Masyarakat Pasi Lhok) | PASI LHOK | KEMBANG TANJUNG | PIDIE |
| 561 | CBR | Yayasan Peduli Gampong Jeumeurang | JEMEURANG | KEMBANG TANJUNG | PIDIE |
| 562 | CBR | Yayasan Peumakmu Blangme | TEUNGOH GEUNTEUT | LHOONG | ACEH BESAR |
| 563 | CBR | Yayasan Peumakmu Blangme | BAROH GEUNTEUT | LHOONG | ACEH BESAR |
| 564 | CBR | Yayasan PERMATA (Pemberdayaan Ekonomi Maysarakat Pante Raja) | TUNONG PANTEE RAJA | PANTE RAJA | PIDIE |
| 565 | CBR | Yayasan Gampong Peurade | PEURADE | PANTE RAJA | PIDIE |
| 566 | CBR | Yayasan Mekar | COT LHEU RHENG | TRIENGGADENG | PIDIE |
| 567 | CBR | Yayasan PERMAI (Perhimpunan Masyarakat Idealis) | MEUE | TRIENGGADENG | PIDIE |
| 568 | CBR | Yayasan Pembangunan desa Lam keumok | LAMKEUMOK | PEUKAN BADA | ACEH BESAR |
| 569 | CBR | Lamkota Beudoh Beurata | MEUNASAH TUHA | PEUKAN BADA | ACEH BESAR |
| 570 | CBR | Lembaga Hukom Adat Laot/Panglima Laot - Lamteungoh | LAMTEUNGOH | PEUKAN BADA | ACEH BESAR |
| 571 | CBR | Lembaga Hukom Adat Laot/Panglima Laot - Lamteungoh | LAMTUTUI | PEUKAN BADA | ACEH BESAR |
| 572 | CBR | Pugar Gampong Cadek | CADEK | BAITUSSALAM | ACEH BESAR |
| 573 | CBR | Yayasan Hikmah | MEUNASAH KULAM | MESJID RAYA | ACEH BESAR |
| 574 | CBR | Beudoh Beurata Makmu Sejahtra | BLANG KRUENG | BAITUSSALAM | ACEH BESAR |
| 575 | CBR | Pemuda Peduli Kajhu | KAJHU | BAITUSSALAM | ACEH BESAR |
| 576 | CBR | Yayasan Tanjung Sejahtera | TANJUNG DEAH | DARUSSALAM | ACEH BESAR |
| 577 | CBR | Yayasan Peumakmu Blangme | UMONG SEURIBEE | LHOONG | ACEH BESAR |
| 578 | CBR | Aneuk Laot Beudoh Beusare | MEUNASAH KEUDEE | MESJID RAYA | ACEH BESAR |
| 579 | CBR | Yayasan Mon Buboh Beurata | MEUNASAH MON | MESJID RAYA | ACEH BESAR |
| 580 | CBR | Yayasan Gampong Makmu Beurata | MESJID GIGIENG | SIMPANG TIGA | PIDIE |
| 581 | CBR | Yayasan PERMAI (Perhimpunan Masyarakat Idealis) | MEUE | TRIENGGADENG | PIDIE |
| 582 | CBR | Yayasan PEMPAS (Pemberdayaan Ekonomi Masyarakat Pasi Lhok) | PASI LHOK | KEMBANG TANJUNG | PIDIE |
| 583 | CBR | Yayasan Darul Aman | LAM LUMPU | PEUKAN BADA | ACEH BESAR |
| 584 | CBR | Lamkota Beudoh Beurata | MEUNASAH TUHA | PEUKAN BADA | ACEH BESAR |
| 585 | CBR | Yayasan Pembangunan desa Lam keumok | LAMKEUMOK | PEUKAN BADA | ACEH BESAR |
| 586 | CBR | Yayasan Kemakmuran Desa Lam Geue | LAM GEU EU | PEUKAN BADA | ACEH BESAR |
| 587 | CBR | Yayasan PERMATA (Pemberdayaan Ekonomi Masyarakat Pante Raja) | TUNONG PANTEE RAJA | PANTE RAJA | PIDIE |
| 588 | CBR | Yayasan PERMAI (Perhimpunan Masyarakat Idealis) | MEUE | TRIENGGADENG | PIDIE |
| 589 | CBR | Yayasan Mekar | COT LHEU RHENG | TRIENGGADENG | PIDIE |
| 590 | CBR | Yayasan Gampong Peurade | PEURADEU | PANTE RAJA | PIDIE |
| 591 | CBR | Yayasan PEMPAS (Pemberdayaan Ekonomi Masyarakat Pasi Lhok) | PASI LHOK | KEMBANG TANJUNG | PIDIE |
| 592 | CBR | Yayasan Peduli Gampong Jeumeurang | JEMEURANG | KEMBANG TANJUNG | PIDIE |
| 593 | CBR | Yayasan Tengku Menasah Blang | LAM PEUDAYA | DARUSSALAM | ACEH BESAR |
| 594 | CBR | Yayasan Maharaja Gurah | GURAH | PEUKAN BADA | ACEH BESAR |
| 595 | CBR | Yayasan Bantu Masyarakat | TANJUNG SELAMAT | DARUSSALAM | ACEH BESAR |
| 596 | CBR | Yayasan Gampong Makmu Sejahtera | KUPULA | SIMPANG TIGA | PIDIE |
| 597 | CBR | Yayasan Gampong Makmu Beurata | MESJID GIGIENG | SIMPANG TIGA | PIDIE |
| 598 | CBR | Yayasan Gampong Makmu Beusare | MEUNASAH GONG | SIMPANG TIGA | PIDIE |
| 599 | CBR | Yayasan Gampong Idaman | PULO GAJAH MATE | SIMPANG TIGA | PIDIE |
| 600 | CBR | Yayasan Peudong Meunasah Bak'U | MEUNASAH BAK UE | LEUPUNG | ACEH BESAR |
| 601 | CBR | Monikeuna Jaya | MON IKEUN | LHOKNGA/LEUPUNG | ACEH BESAR |
| 602 | CBR | Peugoet Gampong Pulot | PULOT | LEUPUNG | ACEH BESAR |
| 603 | CBR | Monikeuna Jaya | MON IKEUN | LHOKNGA/LEUPUNG | ACEH BESAR |
| 604 | CBR | Koperasi Makmu Beusare | LAMKRUET | LHO'NGA/LEUPUNG | ACEH BESAR |
| 605 | CBR | Yayasan Peumakmu Blangme | BAROH BLANGMEE | LHOONG | ACEH BESAR |
| 606 | CBR | Yayasan Peumakmu Blangme | TEUNGOH BLANGMEE | LHOONG | ACEH BESAR |
| 607 | CBR | Yayasan Peumakmu Blangme | MUKIM BLANGMEE | LHOONG | ACEH BESAR |
| 609 | CBR | Yayasan Peumakmu Blangme | MUKIM BLANGMEE | LHOONG | ACEH BESAR |
| 611 | CBR | Yayasan Peumakmu Blangme | MUKIM BLANGMEE | LHOONG | ACEH BESAR |
| 612 | CBR | Yayasan Peudong Meunasah Bak'U | MEUNASAH BAK UE | LEUPUNG | ACEH BESAR |
| 613 | CBR | Yayasan Peugoet Gampong Pulot | PULOT | LEUPUNG | ACEH BESAR |
| 614 | CBR | Yayasan Tuah Sarah Raya | LAMSEUNIA | LEUPUNG | ACEH BESAR |
| 615 | CBR | Yayasan Hudeep Baroe Meunasah Mesjid | MESJID LEUPUNG | LEUPUNG | ACEH BESAR |
| 617 | CBR | Imawar Beudoh Beurata | WEU RAYA | LHO'NGA/LEUPUNG | ACEH BESAR |
| 619 | ACEO | INPROSULA | | | |
| 620 | CBR | IRE | | | |
| 622 | CBR | HEDC | | | |
| 623 | ACEO | SALEUM | | | |
| 649 | CBR | SMP Negeri 1 Lhoknga | MON IKEUN | LHO'NGA/LEUPUNG | ACEH BESAR |
| 650 | CBR | Kabupaten Aceh Jaya | TEUMAREUM | JAYA | ACEH JAYA |
| 651 | CBR | Yayasan Peumakmu Blangme | LAMKUTA BLANGMEE | LHOONG | ACEH BESAR |
| 652 | CBR | Yayasan Peugoet Gampong Pulot | PULOT | LEUPUNG | ACEH BESAR |
| 653 | CBR | Yayasan Udep Saree | SULEUE | DARUSSALAM | ACEH BESAR |

| Grant | ACEO/CBR | Grantee | Village | Kecamatan | Kabupaten |
|---|---|---|---|---|---|
| 654 | CBR | Pugar Gampong Cadek | CADEK | BAITUSSALAM | ACEH BESAR |
| 655 | CBR | Imawar Beudoh Beurata | WEU RAYA | LHO'NGA/LEUPUNG | ACEH BESAR |
| 656 | CBR | Monikeuna Jaya | MON IKEUN | LHOKNGA/LEUPUNG | ACEH BESAR |
| 657 | CBR | Yayasan Mekar | COT LHEU RHENG | TRIENGGADENG | PIDIE |
| 658 | CBR | Yayasan PERMATA (Pemberdayaan Ekonomi Maysarakat Pante Raja) | TUNONG PANTEE RAJA | PANTE RAJA | PIDIE |
| 660 | CBR | Kelompok Tnai Hidup Baru | LAMPAYA | LHOKNGA/LEUPUNG | ACEH BESAR |
| 662 | CBR | SALEUM | | | |
| 664 | CBR | SALEUM | | | |
| 665 | CBR | Yayasan Peumakmu Blangme | TEUNGOH BLANGMEE | LHOONG | ACEH BESAR |
| 666 | CBR | Yayasan Gampong Makmu Beurata | MESJID GIGIENG | SIMPANG TIGA | PIDIE |
| 667 | CBR | HEDC | MIRUK TAMAN | DARUSSALAM | ACEH BESAR |
| 668 | CBR | Fakultas Ekonomi | TANJUNG DEAH | DARUSSALAM | ACEH BESAR |
| 669 | CBR | Yayasan Peumakmu Blangme | BAROH GEUNTEUT | LHOONG | ACEH BESAR |
| 670 | CBR | LRC (Lampuuk Recovery Center) | MEUNASAH MESJID LAMPUUK | LHO'NGA/LEUPUNG | ACEH BESAR |
| 671 | CBR | HEDC | LAMPAYA | LHO'NGA/LEUPUNG | ACEH BESAR |
| 673 | CBR | HEDC | | | |
| 674 | CBR | ACTED Indonesia | | | |

USAID | INDONESIA
FROM THE AMERICAN PEOPLE

Support for Peaceful Democratization Program

**ACEH COMMUNITY ENGAGEMENT &
OWNERSHIP INITIATIVE**

*In Cooperation With*
**ExxonMobil**

**Final Report
September 2007**

**Support for Peaceful Democratization (SPD)**

**Aceh Community Engagement & Ownership Initiative**

**In cooperation with ExxonMobil**

**Final Report**

**September 2007**

USAID Contract No. DOT-I-03-800-00004-00
Task Order No. 800, Under the SWIFT II IQC
USAID Contractor: Development Alternatives, Inc. (DAI)

**Development Alternatives, Inc. (DAI)**
**Support for Peaceful Democratization in Indonesia (SPD)**

**Aceh Community Engagement & Ownership Initiative**

**In cooperation with ExxonMobil**

**Final Report**
**September 2007**


**Contents**

# USAID Support for Peaceful Democratization (SPD) Program
## Aceh Community-Based Recovery Initiative

### *In Cooperation with*
### ExxonMobil

**Background**

The MoU signed between the Government of Indonesia (GoI) and the Free Aceh Movement (GAM) on 15 August 2005 provides a foundation for attaining durable peace in Aceh. Moving away from cycles of violence and hostile interaction, which have persisted for decades, is a complex task that requires a mix of initiatives, including support to local government agencies, rebuilding physical infrastructure and, more importantly, building and transforming relationships between communities who have been party to and affected by conflict. The Aceh Community Engagement and Ownership Initiative (ACEO) engaged communities in peace-building activities and strengthened their ownership of the peace process.

ACEO strengthened civil society at the village level through the development of leadership capacity and activities to build relationships between communities on all sides of the conflict. This approach recognizes that peace cannot be built through activities that involve separately only one side of the conflict, or through efforts to win converts to one side or another. It developed multiple cross-linking relationships that encourage interdependence among people and communities, helping them envision and look forward to a shared future.

The focus was on helping village-communities and government agencies move away from the lack of trust and hostility that has characterized their relationship, to a more constructive and purposeful one.

Three principles form the platform for ACEO: develop capacity for community-driven participation in the peace process; link and build relationships between communities that are not like-minded; and pursue opportunities that keep communities in sustainable creative interaction.

The objective of the Initiative was to *engage conflict-affected communities in the peace process by building effective relationships between them and other not like-minded communities*. It focused effort and resources on most-affected communities and areas seen to be critical to—and which provide the best opportunity for—building a durable foundation for peace in Aceh.

The major outputs were:

- Good governance practiced and nurtured to promote and sustain peace;
- Networks of constructive relationships between communities on all sides of the conflict; and
- Sustainable improvement in livelihoods.

> *"OPERACY training was very useful in helping to open my mind. Like a parachute, my mind has to be opened before it starts working. If it is closed, it won't work."*
>
> *Teungku Nazar, MNS Dayah*

**ExxonMobil Support**

USAID and ExxonMobil signed an MoU on 27 July 2005, in which ExxonMobil pledged $750,000 for reconciliation and reconstruction projects through the ACEO Initiative in eighteen villages in North Aceh (12 villages) and Lhokseumawe City (6 villages) Districts.

The first three projects funded by grant awards engaged representatives from local communities in personal empowerment and leadership training. Funding also supported the formation of CSOs as representative bodies in each village, and a participatory process of community action planning in

which needs were identified and prioritized. This planning exercise—the first of its kind in these villages—involved representatives of all key sectors in the villages. Participation in the planning process helped build trust between community members, government officials, and former-combatant representatives, thereby building a foundation for peaceful social and economic change.

These activities set the stage for the design and implementation of community development grants in participating villages. Communities, through an inclusive and participatory process, selected a range of activities for ExxonMobil support, including the rehabilitation and construction of small-scale infrastructure, and revolving fund initiatives to increase income for participating families. Outputs from these grants included (please see appendix for detailed description):

*Small-scale village infrastructure*
- 15 village offices, and 5 community and 5 women's activities centers;
- Water and sanitation facilities in 5 villages; and
- 12 recreation facilities (e.g., soccer fields) and equipment provided.

*Livelihoods support*
- 547 head of goat and 472 head of cattle;
- Agriculture equipment and supplies in 15 villages;
- Aquaculture assistance in one village; and
- Vocational skills training for 77 women.

**Children for Peace Project**

ExxonMobil funding also supported a general education survey in ACEO cooperating villages in June 2006 through local NGO Aceh Education Scholar Alliance. This education data helped provide direction to SPD programming throughout the ACEO area and provided a foundation for the Children for Peace Project that introduced elementary school children to and invited them to become active participants in ACEO, and more broadly in the peace process. The project facilitated a process that brought together parents and educators to develop among children a mindset and skills that will prepare them to become the future leaders and stewards of peace in Aceh.



School children in Padang Sakti, Lhokseumawe, planned soccer and *kasti* (a traditional stick and ball sport) competitions as part of the Children for Peace Project

Students were exposed to simple, practical ways to work more effectively with their peers and to resolve conflict peacefully. These skills were introduced through formal training events, and reinforced by active participation in project activities such as tree and flower planting, fish pond construction to improve the school environment, and dance and sports competitions. (Please see appendix for detailed description).

**Governance of Village Resources for Development**

Recognizing the need to strengthen governance of village resources, ACEO worked with local leaders to develop village-led CSOs and to provide leadership and governance training to key community leaders, including women and youth. Instruction was provided on CSO formation and organization tasks and methods, and personal empowerment and leadership issues. Establishing legally recognized CSOs increased opportunities for communities to attract local and international donor funding directly, allowing them to manage their own project funding rather than relying on

other NGOs or donors to do so. ACEO worked closely with new CSO managers to organize and strengthen their newly formed organizations by providing managers with training in bookkeeping, financial planning, and organizational management. Training events also prepared village organizations to administer community-managed loan funds (i.e. revolving funds) that would support economic development activities planned for 2006-2007. Finally, as a necessary complement to participatory village development planning, ACEO provided training on methods and approaches to writing successful project proposals for submission to government and donor organizations.

In February and March of 2006, local government officials, former-combatants, CSO leaders and community members took part in specialized three-day leadership training sessions ("Operacy" and "CoOperacy" training) that focused on personal empowerment and essential leadership qualities. These events aimed to promote and nurture an attitude toward and acceptance of individual responsibility that is conducive to effective participatory planning. Trainings were attended by:



Community members discuss and prioritize village development needs

- Operacy—181 women; 424 men; and
- CoOperacy—134 women; 297 men.

Participatory community planning exercises followed these training courses, leading to the formulation of community mission and vision statements for local development.

**Community Action Plans**

ACEO assisted community leaders and other representatives to prepare five-year Community Development Plans, of which Community Action Plans for 2006-2007 formed the basis. Recognizing that no single donor can provide funding for all the diverse short- and long-term needs in each community, ACEO worked with community leaders to understand the resource requirements of various components of the Action Plans, and to develop strategies to address them (e.g., the use of revolving loans and micro-credit). It is important to note that the Community Action Plans were not simply a prerequisite for receiving USAID and ExxonMobil funds. Rather, they represented the needs and priorities of these communities—needs and priorities that might be supported by the Government of Indonesia, USAID, other bi- and multilateral donors, local and international NGOs, and the communities themselves.

The Action Plans revealed the needs and aspirations of these communities as defined by the communities themselves. As work plans were finalized, village leaders prepared proposals for submission to USAID which addressed critical needs, such as: village infrastructure, including a village office in each village to coordinate present and future development initiatives; recovery of local industry—particularly rice production; and capacity of community members to take advantage of newly emerging economic opportunities. Given the lack of other donor programming, ExxonMobil funding was particularly helpful, supporting a range of activities in each village, such as:

> *During the CAP process, SPD taught us to open our minds. It was really inspiring. We felt as though we were being listened to, and therefore representing our own needs regarding our village development.*
>
> *CSO manager from Gunci*

**Local Development Planning**

Comprehensive planning for village recovery was a critical activity for participating villages because it provided a long-term framework for their recovery and encouraged teamwork in managing local resources with a goal of local development. Village planning began with the preparation of simple five-year development vision and mission statements, followed by the

formulation of sector plans by technical groups. Community leaders summarized sector plans as elements of Community Action Plans for 2006-2007.

Ensuring that local planning efforts feed into provincial and national planning frameworks is an important challenge. Done in isolation, the Community Action Plans have little lasting impact. ACEO will work with participating villages in September and October 2007 to update and re-formulate their plans for presentation to local authorities. ACEO will work with community leaders to seek assistance and cooperation of local and provincial government offices to ensure that planning efforts are integrated with provincial and national planning processes.

**Maintaining Village Infrastructure Inputs**
As construction activities were completed ACEO worked with communities and local government to ensure proper transfer of ownership of assets to villages and government agencies, as appropriate. Transfers are formally complete when the recipient signs an Asset Transfer Letter, acknowledging receipt of the asset and acceptance of responsibilities for its use and maintenance. Recipient communities have some but not all of the skills required to manage and maintain community assets. As a result, ACEO worked with community leaders to build local capacity to manage and maintain community assets. Training events covered topics associated with the maintenance of village assets, administration and replacement costs associated with operation of public infrastructure, and management of community enterprises.

Personal empowerment and leadership training provided to local leaders with ExxonMobil support has helped communities to be more proactive in charting a course for their future. Village-led CSOs, also supported by ExxonMobil, have strengthened the management capacity of these villages, increasing their efficiency and effectiveness in governing local assets. ExxonMobil support—particularly in this area, where very few donors have provided support—has had a significant impact on the lives of the people living in these villages, helping them build a strong foundation for future growth and prosperity.


Village CSO training

### 4.2.4. ACEO Major Issues and Challenges
Beyond the normal challenges and issues that can arise when implementing community development activities—which can cause delays in established schedules—ACEO faced several constraints in implementing grant awards.

*Village-based CSO Management Capacity*
Managers of the village-based CSOs formed with ExxonMobil support generally lack the skills required to perform their duties. This is not surprising, given that most have never managed or administered a CSO. Working with ExxonMobil funding represented their first opportunity to manage donor resources. This lack of skill and experience limits their ability to effectively and efficiently manage resources and can delay implementation schedules.

ACEO took steps to address this issue by awarding a grant to INPROSULA, an Indonesian NGO based in Yogyakarta, to provide training that would help ensure that CSOs properly manage village projects and SPD funding, and that would prepare them to continue operations after the conclusion of the program. The training courses, 10 events of 4 days duration each, were conducted in June and July. A total of 189 CSO managers and administrators from 63 village-led

4

CSOs, including representatives from all ExxonMobil-supported villages, participated in the training events.

SPD staff members worked with INPROSULA to design the curriculum, ensuring that it supplemented training provided in 2006, and was appropriate for the needs of these CSOs. The training courses covered the following themes:

- Role and functions of village-based CSOs;
- Analysis of local resources and opportunities, and planning for development;
- Managing village assets;
- Sustainability and local development; and
- Developing village-owned businesss.

As training concluded in the ACEO area, INPROSULA expressed optimism that the CSOs would do well in the future.

*Quality Control of Physical Outputs (Assets)*
Given the broad geographic spread of villages participating in ACEO and the variety of infrastructure and other assets provided to them, ACEO faced a great challenge to ensure that standards were met in all instances. As construction works were completed, ACEO transferred ownership of new assets to villages and government agencies, as appropriate. Transfer was formally completed only after the recipient (grantee) signed an Asset Transfer Letter, acknowledging receipt of the asset and acceptance of responsibilities for its use and maintenance.

*Village CSO Transperancy and Accountability*
A December 2006 ACEO Progress Assessment found that communication between community members and CSO managers was an issue of concern. To learn more of the extent of this issue, and to uncover other matters of concern—and success stories—ACEO conducted an assessment of the quality of village CSO leadership, program implementation and management, and community outreach. Twelve (12) villages participating in the CBR and ACEO initiatives were visited during the assessment. The assessment team conducted its tasks knowing that the CSOs were still quite new, inexperienced and functioning in a post-conflict, tsunami-affected region. Results of the survey reflected the inexperience of the CSOs, but also highlighted the positive impact of ACEO engagement on the growth of the CSO—its management and representativeness.

*Linking CAPs and National Planning Efforts*
Critical challenges associated with efforts to link local plans with those at the national level included (1)

**ACEO Success Story: Village-led CSOs Prepare to Manage Local Development**

As they concluded their work under an SPD grant to provide training to village-led CSOs, INPROSULA (an Indonesian NGO based in Yogyakarta that has long-experience working in many areas of the country) stated that the process of forming community-owned and managed CSOs was a very positive approach to helping the community. They noted that other international NGOs did not have a clear phase out strategy. The USAID strategy of forming and strengthening village-led CSOs was good as it leaves behind an organization that can continue to lead and support village planning and development into the future.

INPROSULA also stated that the timing for their training course was ideal, because participants have had much experience implementing projects under the ACEO initiative. Now, the CSOs can see more clearly what they must do to improve, and where they want to go in the future. It was also easier for them to connect lessons from the training to their own experience and plans for the future.

encouraging communities to engage in another participatory planning process with no guaranteed funding source (outside of government budgets), and (2) garnering government support and active participation in village-level planning activities.

ACEO sought to gain a solid understanding of the national planning process and requirements, and determined how it could assist planning at the village level and facilitate links with national planning efforts. ACEO staff members met with local officials and civil society groups to learn about provincial planning processes, key actors and stakeholders, and data requirements. ACEO has also reviewed its village planning efforts to date, gathering lessons that can be used in the final planning cycle. Finally, ACEO has formulated an action plan for staff training, stakeholder preparation, building village awareness of planning processes and expected outputs, and village planning activities. As noted previously, ACEO will engage local communities during the months of September and October 2007 to review action plans and to prepare development priorities for 2008 to be submitted to local government agencies.

**USAID ACEO Initiative: ExxonMobil-supported Villages**
Financial Summary

| Village/District | Grantee/Village CSO | Total Grant Value |
|---|---|---|
| *Start-up Grants* | | |
| Lhokseumawe | ASPA (Aceh Education Scholar Alliance) | $14,858.11 |
| *Kecamatan/Kabupaten Assistance Grants* | | |
| Aceh Utara | Kabupaten Aceh Utara | $15,414.14 |
| Aceh Utara | Kabupaten Aceh Utara | $36,758.70 |
| Aceh Utara | Kabupaten Aceh Utara | $3,018.96 |
| Aceh Utara | Kecamatan Sawang | $15,776.65 |
| Lhokseumawe | Kecamatan Muara Dua | $7,694.02 |
| *Community Development Grants* | | |
| Riseh Tunong | Yayasan Sejahtera Mandum | $43,600.64 |
| Jurong | Yayasan Beudoh Maju Beusare Tabina Beusama | $39,807.01 |
| Lhok Jok | Yayasan Suka Maju | $31,149.44 |
| Gunci | Yayasan Makmu Beusare Ade Beurata | $45,293.93 |
| Kubu | Yayasan Udep Beusenang | $31,531.69 |
| Blang Cut | Yayasan Miskin Mita Jaya | $34,132.26 |
| Riseh Teungoh | Yayasan Mita Beusare Wase Beusama | $29,211.08 |
| Riseh Baroh | Yayasan Kebahagian Bersama | $29,713.21 |
| Sawang | Yayasan Udeup Beusare Beudeh Beurata | $34,454.46 |
| Blang Teurakan | Yayasan Makmu Beusare Udep Sejahtera | $33,419.33 |
| Blang Manyak | Ingin Jaya | $33,796.99 |
| Blang Panyang | Yayasan Tengku Mon Carak | $34,583.34 |
| MNS Dayah | Yayasan Rahmat Beusaraee | $41,750.34 |
| Meuria | Yayasan Masyarakat Meuria Paloh | $36,896.87 |
| Paloh Punti | Yayasan Aneuk Nanggroe | $45,325.39 |
| Cot Trieng | Yayasan Tengku Chik Dipaloh | $40,558.65 |
| Padang Sakti | Yayasan Beudoh Beusaree | $35,774.70 |
| Lhok Cut | Yayasan Udep Beusare Bagi Bersama | $28,937.53 |
| | **Total =** | **$743,457.44** |
| | **Total Contribution =** | **$750,000.00** |
| | | **$6,542.56** |

**USAID ACEO Initiative  ExxonMobil-supported Villages**
Grant Award Activities Summary

| Village/District | Grantee/Village CSO | Start Date | End Date | Summary | Output(s) |
|---|---|---|---|---|---|
| *Start-up Grants* | | | | | |
| Lhokseumawe | ASPA (Aceh Education Scholar Alliance) | 6/25/2006 | 8/31/2006 | The purpose of this survey is to generate a baseline assessment of the general education status of the communities in the ACEO target areas of Bireuen, Aceh Utara, Kota Lhokseumawe and Aceh Timur. The program will be implemented by the grantee over a 2 [two] months period. | [1] A final report including: [a] A detailed analysis of the data collected, highlighting the education system available to ACEO communities; [b] A series of recommendations identifying education priorities; [c] A series of potential interventions to address education issues in these communities; [2] A presentation of findings and recommendations to SPD and other stakeholders; and; [3] The development of a database of education in ACEO communities to be used as a baseline for measuring impact of activities. |
| *Kecamatan/Kabupaten Assistance Grants* | | | | | |
| Aceh Utara | Kabupaten Aceh Utara | 2/25/2006 | 7/25/2006 | This grant will begin the ACEO initiative by engaging representatives from local communities (government, TNA and NGO) in Kabupaten Aceh Utara, more specifically Kecamatan Sawang, in initial personal empowerment training (OPERACY) and leadership training (CoOPERACY) in Medan. Funding for initial meetings of the kabupaten-level "Coordinating Team" and kecamatan-level "Working Groups" that will be comprised of government, TNA, village and other selected leaders who will serve as a supervisory bodies that will complement village-level activities will also be provided. In order to provide working space for the "Coordinating Teams" funds will be provided for equipment and general improvement of a shared office to be located in the offices of the BPM (People's Empowerment Agency) or another suitable venue. The grant will also provide funding for the notarization of 12 village-level CSOs that will provide for better village management and a means by which USA D can work directly with local communities. | [1] 10 district government officials receive one-week OPERACY and CoOPERACY trainings;; [2] 10 former GAM combatants receive one-week OPERACY and CoOPERACY trainings;; [3] 5 CSO representatives receive one-week OPERACY and CoOPERACY trainings;; [4] A "Coordinating Team" meeting held to kick-start the initiative;; [5] A "Working Group" meeting held in each of the two sub-districts of the ACEO initiative implementation sites;; [6] A shared working space equipped and made suitable for the kabupaten-level "Coordination Team" meetings;; [7] 12 village CSOs notarized; and; [8] ACEO stakeholders visit CBR initiative sites in Aceh Besar and/or Banda Aceh District/s. |
| Aceh Utara | Kabupaten Aceh Utara | 3/25/2006 | 10/31/2006 | This grant will build capacity of government, GAM and CSO leaders at the sub-district and village level, and enable 18 villages to prepare one year Community Action Plan (CAP) and annual workplans (2006-07). | [1] Develop training schedules; [2] Prepare training materials and facilities; [3] Organize training for: [a] OPERACY - 34 sub-district Facilitation team Members and selected CSO leaders; [b] OPERACY - 30 community leaders from each of the 18 ACEO villages; [4] Facilitate development of 2006-07 CAPs for each of the 18 ACEO villages; and [5] Monitoring, evaluation and reporting. |
| Aceh Utara | Kabupaten Aceh Utara | 6/15/2006 | 8/31/2006 | This grant will continue to build capacity of government, GAM and CSO leaders at the sub-district level by conducting a one week leadership training (CoOPERACY) for ACEO's Aceh Utara Facilitation Team (representing 18 villages), an integral part of USA Ds initiative in the region. | [1] 18 sub-district government officials receive one-week CoOPERACY training;; [2] 12 former KPA combatants receive one-week CoOPERACY training; and; [3] 5 CSO representatives receive one-week CoOPERACY trainings. |
| Aceh Utara | Kecamatan Sawang | 11/1/2006 | 9/30/2007 | This proposal will support and strengthen the Sawang Sub-District Facilitation Team -- comprised of local government (Pemda) and former GAM (KPA) representatives -- through the rehabilitation of a shared "facilitation" office, the provision of operational assistance for regular "facilitation" meetings and monitoring of ACEO community-based activities. In addition, communication, facilitation and conflict management skills training will be provided. | [1] 4 (four) "facilitation" meetings conducted;  [2] Facilitation Team provided with operational assistance to conduct regular monitoring and evaluation activities during grant; [3] 6 government and 5 KPA representatives visit CBR initiative sites;  [4] 6 government and 5 KPA representatives receive four days of communication and facilitation skills training;  [4] 6 government and 5 KPA representatives receive five days conflict management skills training; and  [5] A shared "facilitation" office rehabilitated and equipped. |
| Lhokseumawe | Kecamatan Muara Dua | 11/1/2006 | 9/30/2007 | This proposal will support and strengthen the Muara Satu Sub-District Facilitation Team -- comprised of local government (Pemda) and former GAM (KPA) representatives -- through the provision of operational assistance for regular "facilitation" meetings and monitoring of ACEO community-based activities. In addition, communication, facilitation and conflict management skills training will be provided. | [1] 4 (four) "facilitation" meetings conducted;  [2] Facilitation Team provided with operational assistance to conduct regular monitoring and evaluation activities during grant implementation [3] 4 government and 3 KPA representatives visit CBR initiative sites;  [4] 4 government and 3 KPA representatives receive four days of communication and facilitation skills training; and  [5] 4 government and 3 KPA representatives receive five days conflict management skills training; |

8

**USAID ACEO Initiative  ExxonMobil-supported Villages**
Grant Award Activities Summary

*Community Development Grants*

| Village/District | Grantee/Village CSO | Start Date | End Date | Summary | Output(s) |
|---|---|---|---|---|---|
| Jurong | Yayasan Beudoh Maju Beusare Tabina Beusama | 1/2/2007 | 9/30/2007 | SPD was successful in formalizing the village-level CSO membership and legal status, as well as concluding capacity building activities that resulted in a set of priorities embodied in a Community Action Plan (CAP). It is now time to implement follow-on activities that address specific priorities that have been identified by the community itself. These priorities are: [1] construct a water storage;[2] construct a public latrine; [3] construct a water distribution;[4] provide rice production equipment;[5] cattle production and revolving fund project;[6] provide equipment to the village CSO. This grant will also assist the conflict-affected community by: [1] building their leadership and management capacity; and [2] providing men, women, and youth with vocational training. | [1] Water storage built; [2] Public latrine built; [3] Water distribution built; [4] Rice production equipment provided; [5] 18 head of cattle distributed and fattened by 18 families (1 head/family); [6] Village CSO equipped. Capacity Building: [1] Thirty (30) village leaders and CSO managers trained in leadership skills; [2] Village leaders and CSO managers trained in community resource management skills; and [3] 30 persons received training to increase incomes. |
| Lhok Jok | Yayasan Suka Maju | 1/2/2007 | 9/30/2007 | SPD was successful in formalizing the village-level CSO membership and legal status, as well as concluding capacity building activities that resulted in a set of priorities embodied in a Community Action Plan (CAP). It is now time to implement follow-on activities that address specific priorities that have been identified by the community itself. These priorities are: [1] rehabilitate a community center;[2] construct a water distribution; [3] provided rice production equipment; [4] cattle production and revolving fund project;[5] provide equipment to the village CSO. This grant will also assist the conflict-affected community by: [1] building their leadership and management capacity; and [2] providing men, women, and youth with vocational training. | [1] Community Center rehabilitated; [2] Water Distribution built; [3] Rice production equipment provided; [4] 10 head of cattle distributed and fattened by 10 families (1 head/family); and; [5] Village CSO equipped. Capacity Building: [1] Thirty (30) village leaders and CSO managers trained in leadership skills; [2] Village leaders and CSO managers trained in community resource management skills; and [3] 30 persons received training to increase incomes. |
| Riseh Tunong | Yayasan Sejahtera Mandum | 1/2/2007 | 9/30/2007 | SPD was successful in formalizing the village-level CSO membership and legal status, as well as concluding capacity building activities that resulted in a set of priorities embodied in a Community Action Plan (CAP). It is now time to implement follow-on activities that address specific priorities that have been identified by the community itself. These priorities are: [1] construct a village office; [2] provide equipment to the village CSO; [3] cattle production revolving fund project. This grant will also assist the conflict-affected community by: [1] building their leadership and management capacity; and [2] providing men, women, and youth with vocational training. | [1] Village office built; [3] Village CSO equipped; and [2] 63 head of cattle distributed and fattened by 63 families (1 head/family). Capacity Building: [1] Thirty (30) village leaders and CSO managers trained in leadership skills; [2] Village leaders and CSO managers trained in community resource management skills; and [3] 30 persons received training to increase incomes. |
| Gunci | Yayasan Makmu Beusare Ade Beurata | 1/2/2007 | 9/30/2007 | SPD was successful in formalizing the village-level CSO membership and legal status, as well as concluding capacity building activities that resulted in a set of priorities embodied in a Community Action Plan (CAP). It is now time to implement follow-on activities that address specific priorities that have been identified by the community itself. These priorities are: [1] rehabilitate a village office; [2] rehabilitate a community center; [3] rehabilitate village road; [4] provide equipment to women's activities center; [5] provide equipment to the village CSO; [6] provide rice production equipment; [7] ginger production revolving fund project. This grant will also assist the conflict-affected community by: [1] building their leadership and management capacity; and [2] providing men, women, and youth with vocational training. | [1] Village office rehabilitated; [2] Community center rehabilitated; [3] Women's activities center equipped; [4] Soccer team equipped; [5] Village CSO equipped; [6] Rice production equipment provided; and [7] Ginger seeds distributed and planted by 200 families. Capacity Building: [1] Thirty (30) village leaders and CSO managers trained in leadership skills; [2] Village leaders and CSO managers trained in community resource management skills; and [3] 30 persons received training to increase incomes. |

9

**USAID ACEO Initiative  ExxonMobil-supported Villages**
Grant Award Activities Summary

| Village/District | Grantee/Village CSO | Start Date | End Date | Summary | Output(s) |
|---|---|---|---|---|---|
| Kubu | Yayasan Udep Beusenang | 1/2/2007 | 9/30/2007 | SPD was successful in formalizing the village-level CSO membership and legal status, as well as concluding capacity building activities that resulted in a set of priorities embodied in a Community Action Plan (CAP). It is now time to implement follow-on activities that address specific priorities that have been identified by the community itself. These priorities are: [1] construct village office (4m x 5m); [2] provide equipment to the village CSO; [3] rice production revolving fund project; [4] cattle production revolving fund project. This grant will also assist the conflict-affected community by: [1] building their leadership and management capacity; and [2] providing men, women, and youth with vocational training. | [1] Village office 4m x 5m built; [2] Village CSO equipment provided; [3] Rice production equipment provided and rice seeds distributed and planted by 80 families; and [4] 20 head of cattle distributed and fattened by 20 families (1 head/family). Capacity Building: [1] Thirty (30) village leaders and CSO managers trained in leadership skills; [2] Village leaders and CSO managers trained in community resource management skills; and [3] 30 persons received training to increase incomes. |
| Blang Cut | Yayasan Miskin Mita Jaya | 1/2/2007 | 9/30/2007 | SPD was successful in formalizing the village-level CSO membership and legal status, as well as concluding capacity building activities that resulted in a set of priorities embodied in a Community Action Plan (CAP). It is now time to implement follow-on activities that address specific priorities that have been identified by the community itself. These priorities are: [1] construct village office (4m x 5m); [2] rehabilitate a community center; [3] provide equipment to women's activities center; [4] provide equipment to the village CSO; [5] ginger production revolving fund project; [6] cattle production revolving fund project; [7] goat production revolving fund project. This grant will also assist the conflict-affected community by: [1] building their leadership and management capacity; and [2] providing men, women, and youth with vocational training. | [1] Village office (4m x 5m) built; [2] Community center rehabilitated; [3] Women's activities center equipped; [4] Village CSO equipped; [5] Ginger seeds distributed and planted by 10 families; [6] 20 head of cattle distributed and fattened by 20 families (1 head/family); and [7] 70 head of goat distributed and fattened by 35 families (2 head/family). Capacity Building: [1] Thirty (30) village leaders and CSO managers trained in leadership skills; [2] Village leaders and CSO managers trained in community resource management skills; and [3] 30 persons received training to increase incomes. |
| Riseh Teungoh | Yayasan Mita Beusare Wase Beusama | 1/2/2007 | 9/30/2007 | SPD was successful in formalizing the village-level CSO membership and legal status, as well as concluding capacity building activities that resulted in a set of priorities embodied in a Community Action Plan (CAP). It is now time to implement follow-on activities that address specific priorities that have been identified by the community itself. These priorities are: [1] construct a village office; [2] provide equipment to the village CSO; [3] provide rice production equipment; and [4] cattle production revolving fund project. This grant will also assist the conflict-affected community by: [1] building their leadership and management capacity; and [2] providing men, women, and youth with vocational training. | [1] Village office rehabilitated; [4] Village CSO equipped; [2] Rice production equipment provided; and [3] 42 head of cattle distributed and fattened by 42 families (1 head/family). Capacity Building: [1] Thirty (30) village leaders and CSO managers trained in leadership skills; [2] Village leaders and CSO managers trained in community resource management skills; and [3] 30 persons received training to increase incomes. |
| Riseh Baroh | Yayasan Kebahagian Bersama | 1/2/2007 | 9/30/2007 | SPD was successful in formalizing the village-level CSO membership and legal status, as well as concluding capacity building activities that resulted in a set of priorities embodied in a Community Action Plan (CAP). It is now time to implement follow-on activities that address specific priorities that have been identified by the community itself. These priorities are: [1] rehabilitate a village office; [2] provide equipment to women's activities center; [3] rehabilitate soccer field and provide soccer equipment; [4] provide equipment to the village CSO; [5] provide rice production equipment; [6] cattle production revolving fund project; and [7] goat production revolving fund project. This grant will also assist the conflict-affected community by: [1] building their leadership and management capacity; and [2] providing men, women, and youth with vocational training. | [1] Village office rehabilitated; [2] Women's activities center equipped; [3] Soccer field rehabilitated and equipment provided; [4] Village CSO equipped; [5] Rice production equipment provided; [6] 10 head of cattle distributed and fattened by 10 families (1 head/family); and [7] 100 head of goat distributed and fattened by 50 families (2 head/family). Capacity Building: [1] Thirty (30) village leaders and CSO managers trained in leadership skills; [2] Village leaders and CSO managers trained in community resource management skills; and [3] 30 persons received training to increase incomes. |

**USAID ACEO Initiative ExxonMobil-supported Villages**
Grant Award Activities Summary

| Village/District | Grantee/Village CSO | Start Date | End Date | Summary | Output(s) |
|---|---|---|---|---|---|
| Sawang | Yayasan Udeup Beusare Beudeh Beurata | 1/2/2007 | 12/30/2007 | SPD was successful in formalizing the village-level CSO membership and legal status, as well as concluding capacity building activities that resulted in a set of priorities embodied in a Community Action Plan (CAP). It is now time to implement follow-on activities that address specific priorities that have been identified by the community itself. These priorities are: [1] construct a village office; [2] provide soccer team equipment; [3] provide equipment to the village CSO; [4] cattle production revolving fund project. This grant will also assist the conflict-affected community by: [1] building their leadership and management capacity; and [2] providing men, women, and youth with vocational training. | [1] Village office built; [2] Soccer team equipped; [3] Village CSO equipped; and [4] 39 head of cattle distributed and fattened by 39 families (1 head/family). Capacity Building: [1] Thirty (30) village leaders and CSO managers trained in leadership skills; [2] Village leaders and CSO managers trained in community resource management skills; and [3] 30 persons received training to increase incomes. |
| Blang Teurakan | Yayasan Makmu Beusare Udep Sejahtera | 1/2/2007 | 9/30/2007 | SPD was successful in formalizing the village-level CSO membership and legal status, as well as concluding capacity building activities that resulted in a set of priorities embodied in a Community Action Plan (CAP). It is now time to implement follow-on activities that address specific priorities that have been identified by the community itself. These priorities are: [1] rehabilitate a village office; [2] provide equipment to women's activities center; [3] provide equipment to the village CSO; [4] provide rice production equipment; [5] ginger production revolving fund project; and [6] cattle production revolving fund project. This grant will also assist the conflict-affected community by: [1] building their leadership and management capacity; and [2] providing men, women, and youth with vocational training. | [1] Village office built; [2] Women's activities center equipped; [3] Village CSO equipment equipped; [4] Rice production equipment provided; [5] Ginger seeds distributed and planted by 20 families; [6] 22 head of cattle distributed and fattened by 22 families (1 head/family). Capacity Building: [1] Thirty (30) village leaders and CSO managers trained in leadership skills; [2] Village leaders and CSO managers trained in community resource management skills; and [3] 30 persons received training to increase incomes. . |
| Blang Manyak | Ingin Jaya | 1/2/2007 | 9/30/2007 | SPD was successful in formalizing the village-level CSO membership and legal status, as well as concluding capacity building activities that resulted in a set of priorities embodied in a Community Action Plan (CAP). It is now time to implement follow-on activities that address specific priorities that have been identified by the community itself. These priorities are: [1] construct a village office; [2] provide equipment to the village CSO; [3] ginger production revolving fund project; [4] cattle production revolving fund project. This grant will also assist the conflict-affected community by: [1] building their leadership and management capacity; and [2] providing men, women, and youth with vocational training. | [1] Village office built; [2] Village CSO equipment equipped; [3] Ginger seeds distributed and planted by 25 families; and [4] 25 head of cattle distributed and fattened by 25 families (1 head/family). Capacity Building: [1] Thirty (30) village leaders and CSO managers trained in leadership skills; [2] Village leaders and CSO managers trained in community resource management skills; and [3] 30 persons received training to increase incomes. |
| Blang Panyang | Yayasan Tengku Mon Carak | 1/2/2007 | 9/30/2007 | SPD was successful in formalizing the village-level CSO membership and legal status, as well as concluding capacity building activities that resulted in a set of priorities embodied in a Community Action Plan (CAP). It is now time to implement follow-on activities that address specific priorities that have been identified by the community itself. These priorities are: [1] rehabilitate a village office; [2] provide equipment to women's activities center; [3] provide equipment to the village CSO; [4] goat production revolving fund project; [5] ginger production revolving fund project. This grant will also assist the conflict-affected community by: [1] building their leadership and management capacity; and [2] providing men, women, and youth with vocational training. | [1] Village office rehabilitated; [2] Woman's activities center equipped; [3] Village CSO equipped; [4] 200 head of goat distributed and fattened by 100 families (2 head/ family); and [5] 2500 ginger seed distributed and planted by 10 families. Capacity Building: [1] Thirty (30) village leaders and CSO managers trained in leadership skills; [2] Village leaders and CSO managers trained in community resource management skills; and [3] 30 persons received training to increase incomes. |
| MNS Dayah | Yayasan Rahmat Beusaraee | 1/2/2007 | 9/30/2007 | SPD was successful in formalizing the village-level CSO membership and legal status, as well as concluding capacity building activities that resulted in a set of priorities embodied in a Community Action Plan (CAP). It is now time to implement follow-on activities that address specific priorities that have been identified by the community itself. These priorities are: [1] rehabilitate a community center; [2] rehabilitate soccer field and provide soccer equipment; [3] construct a public latrine; [4] provide equipment to the village CSO; and [5] cattle production revolving fund project. This grant will also assist the conflict-affected community by: [1] building their leadership and management capacity; and [2] providing men, women, and youth with vocational training. | [1] Community Center rehabilitated; [2] Soccer field rehabilitated and soccer equipment provided; [3] Public Latrine built; [4] Village CSO equipped; and [5] 39 head of cattle distributed and fattened by 39 families (1 head/family). Capacity Building: [1] Thirty (30) village leaders and CSO managers trained in leadership skills; [2] Village leaders and CSO managers trained in community resource management skills; and [3] 30 persons received training to increase incomes. |

11

| Village/District | Grantee/Village CSO | Start Date | End Date | Summary | Output(s) |
|---|---|---|---|---|---|
| Meuria | Yayasan Masyarakat Meuria Paloh | 1/2/2007 | 9/30/2007 | SPD was successful in formalizing the village-level CSO membership and legal status, as well as concluding capacity building activities that resulted in a set of priorities embodied in a Community Action Plan (CAP). It is now time to implement follow-on activities that address specific priorities that have been identified by the community itself. These priorities are: [1] rehabilitate a village office; [2] rehabilitate soccer field and provide soccer equipment; [3] provide equipment to the village CSO; [4] cattle production revolving fund project; [5] ginger production revolving fund project; [6] Fish pond production revolving fund project. This grant will also assist the conflict-affected community by: [1] building their leadership and management capacity; and [2] providing men, women, and youth with vocational training. | [1] Village office rehabilited; [2] Soccer field rehabilitated and equipment provided; [3] Village CSO equipped; [4] 43 head of cattle distributed and fattened by 43 families (1 head/family); [5] Ginger seed distributed and planted by 20 families; [6] Milkfish fingerlings and crabs distributed and bred by 20 families. Capacity Building: [1] Thirty (30) village leaders and CSO managers trained in leadership skills; [2] Village leaders and CSO managers trained in community resource management skills; and [3] 30 persons received training to increase incomes. |
| Paloh Punti | Yayasan Aneuk Nanggroe | 1/2/2007 | 9/30/2007 | SPD was successful in formalizing the village-level CSO membership and legal status, as well as concluding capacity building activities that resulted in a set of priorities embodied in a Community Action Plan (CAP). It is now time to implement follow-on activities that address specific priorities that have been identified by the community itself. These priorities are: [1] construct a village office;[2] rehabilitate soccer field and provide soccer and volleyball equipment; [3] provide equipment to women's activities center; [4] provide equipment to the village CSO; [5] goat production revolving fund project; [6] cattle production revolving fund project. This grant will also assist the conflict-affected community by: [1] building their leadership and management capacity; and [2] providing men, women, and youth with vocational training. | [1] Village office 4m x 5m built; [2] Soccer field rehabilitated and soccer and volleyball equipment provided; [3] Women's activities center equipped; [4] Village CSO equipped. [5] 160 head of goat distributed and fattened by 80 families (2 head/family); and [6] 30 head of cattle distributed and fattened by 30 families (1 head/family). Capacity Building: [1] Thirty (30) village leaders and CSO managers trained in leadership skills; [2] Village leaders and CSO managers trained in community resource management skills; and [3] 30 persons received training to increase incomes. |
| Cot Trieng | Yayasan Tengku Chik Dipaloh | 1/2/2007 | 9/30/2007 | SPD was successful in formalizing the village-level CSO membership and legal status, as well as concluding capacity building activities that resulted in a set of priorities embodied in a Community Action Plan (CAP). It is now time to implement follow-on activities that address specific priorities that have been identified by the community itself. These priorities are: [1] rehabilitate a village office; [2] rehabilitate soccer field and provide soccer equipment; [3] provide equipment to the village CSO; [4] cattle production revolving fund project; [5] duck production revolving fund project; [6] ginger production revolving fund project. This grant will also assist the conflict-affected community by: [1] building their leadership and management capacity; and [2] providing men, women, and youth with vocational training. | [1] Village office rehabilitated; [2] Soccer field rehabilitated and equipment provided; [3] Village CSO equipped; [4] 40 head of cattle distributed and fattened by 40 families (1 head/family); [5] 2000 head of duck distributed and fattened by 4 families (500 head/family); and [6] 6000 ginger seeds distributed and planted by 20 families. Capacity Building: [1] Thirty (30) village leaders and CSO managers trained in leadership skills; [2] Village leaders and CSO managers trained in community resource management skills; and [3] 30 persons received training to increase incomes. |
| Padang Sakti | Yayasan Beudoh Beusaree | 1/2/2007 | 9/30/2007 | SPD was successful in formalizing the village-level CSO membership and legal status, as well as concluding capacity building activities that resulted in a set of priorities embodied in a Community Action Plan (CAP). It is now time to implement follow-on activities that address specific priorities that have been identified by the community itself. These priorities are: [1] construct a village office; [2] rehabilitate soccer field and provide soccer and volleyball equipment; [3] construct public latrine; [4] provide equipment to the village CSO; [5] cattle production revolving fund project; [6] rattan handicrafts revolving fund; [7] coconut processing revolving fund. This grant will also assist the conflict-affected community by: [1] building their leadership and management capacity; and [2] providing men, women, and youth with vocational training. | [1] Village office 4m x 5m built; [2] Soccer field rehabilitated and soccer and volleyball equipment equipped; [3] Public latrine built; [4] Village CSO equipped; [5] 20 head of cattle distributed and fattened by 20 families (1 head/family); [6] Warehouse built, material, equipment and supplies distributed and managed by 20 families; and [7] Coconut proccesing and rattan handicrafts materials and supplies distributed and managed by 10 families. Capacity Building: [1] Thirty (30) village leaders and CSO managers trained in leadership skills; [2] Village leaders and CSO managers trained in community resource management skills; and [3] 30 persons received training to increase incomes. |

12

# SUCCESS STORY
# Changing Lives in Conflict-Affected Areas

**USAID strengthens local leadership capacity in order to build a critical mass of leaders able to guide reconciliation and reconstruction efforts.**

Johannes Go, DAI/SPD

*"OPERACY training was very useful in helping to open my mind. Like a parachute, my mind has to be opened before it starts working. If it is closed, it won't work."*

**USAID's ACEO Initiative strengthens Acehnese society's ability to nurture peace through development of leadership capacity and community-based peace dividend development projects, thus building relationships of trust among all parties to the conflict.**

Teungku Nazar, from Meunasah Dayah village, Lhokseumawe, has changed his view on what his role as a farmers' group leader should be: *"Personally, I have already been successful in cultivating the sweetest melons with the 90%-organic fertilizers I make myself. I am now ready to help other farmers cultivate the sweetest of melons. I want to make the Lhokseumawe region famous for melons that are sweet and of the highest quality."* The impetus for his shift to a broader view of economic success? Last month Teungku Nazar took part in personal empowerment and leadership trainings offered through USAID's Aceh Community Engagement and Ownership (ACEO) Initiative.

USAID's ACEO Initiative strengthens Acehnese society's ability to nurture peace through development of leadership capacity and community-based peace dividend development projects. It develops multiple cross-linking relationships that encourage interdependence among people and communities, helping them envision a shared future.

In areas where ACEO operates, more than 30 years of conflict has created deep distrust between communities and has compromised traditional and formal leadership structures, including those in villages and local government agencies. In response, ACEO conducted personal empowerment and awareness training courses (*Operacy*), followed by leadership training courses (*CoOperacy*). These training sessions, held in 63 villages in eastern Aceh, have had clear, tangible impact, as witnessed by Teungku Nazar. As a result of the trainings, village leaders and local government officials, women's group leaders, youth leaders and other respected individuals have developed a common mental framework for peace and development.

In *Operacy* training, participants discover that peace is a choice, and that there are peaceful and effective ways of perceiving and responding to others. This facilitates a transition from survival to development thinking, and highlights that peace is a choice that cannot be sustained without effort from all sides of a conflict. More than 1,800 persons have participated in *Operacy* training—7,600 person-days of training.

In *CoOperacy* training—the next step—participants focus on the roles and responsibilities of leaders working with communities in transition. Participants learn that strong leadership implies mutually enhancing and supportive relationships between all members in the community. They also discuss how sustainable prosperity flows from healthy and productive relationships and peace. Fifty persons have participated in this course, which will be provided to hundreds more village leaders in the coming months. The training also prepares communities throughout Aceh to develop their own Community Action Plans—blueprints for peaceful social and economic change designed by communities, for communities.

*29 September 2006*

## SUCCESS STORY

# Empowering Leaders in Conflict-Affected Communities

**USAID ACEO develops cross-linking relationships that encourage interdependence among people and communities, and empowers local leaders.**



Johannes Go, DAI/SPD

*"If someone asks me; 'Why attend Operacy training,' I say that they should attend without hesitation because through Operacy they will know their true self."*



Johannes Go, DAI/SPD

*Muhammad S. Ag.'s inauguration as Village Chief. "Through Operacy training I gained valuable leadership skills that I can use to help my community. I am perceived as a good leader."*

USAID's Aceh Community Empowerment and Ownership (ACEO) Initiative strengthens Acehnese society's ability to nurture peace through development of leadership capacity and community-based peace dividend development projects. It develops multiple cross-linking relationships that encourage interdependence among people and communities, helping them envision a shared future. More than 30 years of conflict have eroded trust between communities and compromised important leadership structures. Developing leadership skills and reviving relationships to encourage interdependence among people and communities provides a foundation for peaceful recovery and reconciliation.

ACEO conducted personal empowerment and awareness training courses (*Operacy*), followed by leadership training courses (*CoOperacy*). These training sessions, held in 63 villages in eastern Aceh, have had clear, tangible impact on participants.

Muhammad Thaib, a former GAM combatant and Secretary of the Mns Dayah Village Association in North Aceh has long been interested in philosophers such as John C. Maxwell and Zig Ziglar, but felt that during the trainings he was able to personally experience what he previously only had opportunity to read. According to Muhammad, "*everyone should attend Operacy training because it broadens their minds. People feel that they are shackled by iron chains, although they are really only bound by dry rice stalks.* [Through the trainings] *people realize that they are meant for success, fated to become kings not slaves."*

During training, participants conceptualize the transition from survival to development thinking, and to realize that peace is a choice that cannot be sustained without effort from all sides of a conflict. They discuss the roles and responsibilities of leaders working with communities in transition and learn that leading a group to peaceful prosperity requires mutually enhancing and supportive relationships between all members of a community.

Muhammad S. Ag, a sub-district government official working in the Department of Religion and Social Affairs in Lhokseumawe, believes "*the trainings help increase personal empowerment and understanding of each individual's leadership capacity such that one can make a positive impact in developing community activities and programs."* Muhammad was recently elected Chief of Meuria Paloh Village.

More than 1,800 persons have participated in *Operacy* training—7,600 person-days of training. Fifty persons have participated in *CoOperacy*, which will be provided to hundreds more village leaders in the coming months. The training also prepares communities throughout Aceh to develop their own Community Action Plans—blueprints for peaceful social and economic change designed by communities, for communities.

*12 October 2006*

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### USAID SPD Community-Based Initiatives
### Monitoring and Assessing Progress and Impact

*This Version: September 2006*

Monitoring and assessing progress are important components of any project management system. Frequent monitoring helps ensure that program resources are delivered to and used by intended groups. SPD recognizes the importance of monitoring activities and assessing their results, particularly in disaster recovery and post-conflict reconstruction and reconciliation initiatives, and has designed and put into operation a comprehensive system to measure progress and impact.

The monitoring and assessment (M&A) system helps SPD answer not only questions regarding who is receiving and how they are using program resources, but, more important, whether program activities facilitate intended impact in stakeholder communities. It integrates quantitative and qualitative data, thereby facilitating a broad analysis of progress and enriching our understanding of the impact of SPD actions.

The foundation of the M&A system is the program framework, and the expression of objectives, outputs and activities contained in it. The framework defines what SPD plans to achieve and includes indicators for measuring progress. SPD periodically reviews its indicators to ensure they remain appropriate, measurable, and efficient.

Two general types of indicators are used to measure progress. The first type is <u>output indicators</u>. These tend to be quantitative and provide information regarding, for example, numbers of beneficiaries, infrastructure constructed and jobs created. SPD staff members regularly collect these data throughout the implementation of grant-funded activities. Data sources include grant agreements, finance and final reports, interviews with community representatives, and field visits.

The second indicator type is <u>impact indicators</u>. These are mostly qualitative and help SPD assess the impact of our activities and progress toward achievement of overall program objectives. Examples of these indicators include stakeholder perception of changes in well-being, and community perception of the capabilities of their leaders. Collection and analysis of such information provides rich insight into program results, highlights emerging opportunities, and helps SPD maintain focus on achieving desired impacts. It also facilitates investigation with various stakeholders of underlying assumptions and program strategies.

SPD collects information on impact indicators on a regular basis during program implementation. Sources of information include focus group discussions and interviews with community groups, village leaders, and government officials in the project locale. When collecting impact information, SPD staff members gather perspectives and triangulate input from a variety of sources. This generates a realistic impression of the positive and negative impacts of SPD activities.

The M&A system is designed to operate effectively and efficiently, channeling important information quickly to project managers. The focus is not on reports or on endless meetings

covering details of every activity supported. Instead, the system facilitates the flow of information regarding critical aspects of SPD activities to management and program development staff. It encourages them to quickly analyze and discuss this information, to learn from our experiences, and reach decisions regarding possible changes in program strategy or direction.

More simply stated, the system facilitates learning about what SPD is doing—opportunities seized, problems encountered and solutions applied, and impact achieved—and encourages quick application of lessons learned as points of reference in our daily work. Because of the highly dynamic environment that prevails in disaster and post-conflict environments—and the rapid changes this implies for programming in these situations—quick action based on accurate information is critical. The M&A system facilitates this.

While implementation of the M&A approach is not linear, and the monitoring-analysis-decision making cycle is continuous and interactive, its core elements include:

- Regular M&E Manager and Program Development Staff field visits to monitor and assess progress—for a representative sample of communities, interviews are conducted with key stakeholders and quantitative data are collected as appropriate (focus is on impact indicators; staff do not assess activities they developed in order to ensure unbiased investigations of progress and impact);
- Immediately after field visits, structured meetings with key staff to discuss findings, determine lessons learned and best practices and how they might be incorporated into new activities, and discuss implications for existing strategies and policies;
- Systematic collection of quantitative indictor data for all grant-funded activities, guided by the M&E Manager;
- Storage of quantitative data in the SPD project database (TAMIS) for analysis and documentation tasks;
- Documentation of key lessons learned and best practices; and
- Reports written as necessary.

The focus of the M&A system is on quick learning and quick applications of lessons to future activities. It aims to facilitate and encourage a cycle of learning that steadily builds staff knowledge of what works and what does not. Through participation in M&A activities, staff and stakeholders gain deeper understanding of the impact of their actions, and uncover information and identify alternatives which facilitate the making of better decisions.

Progress and impact assessments help illuminate the success of a project or initiative in relation to its objectives, and the extent to which intended beneficiaries have really benefited. They also provide a check on the use of SPD resources, and help us improve our work through the dissemination of information about project experience and outcome. By encouraging reflection and observation, assessments help us maintain focus on our larger objectives—the "big picture"—and help ensure that our actions and beliefs are in line with reality.

*This version: September 2006*

# USAID SPD – 2006-2007 Aceh CEO Initiative Output and Impact Progress Indicators

**Objective:** Engage conflict-affected communities in the peace process by building effective relationships between them and other not-like-minded communities.

**Outputs:**
1. Sustainable improvement in livelihoods in conflict-affected villages [Livelihoods Milestones];
2. Good governance practiced and nurtured to promote and sustain peace [Governance Milestones]; and
3. Networks of constructive relationships between communities on all side of the conflict [Platform Milestones]

Note: Black diamond = milestone achieved

| ID | Milestone/Indicator | Date | Jan 06 | Feb 06 | Mar 06 | Apr 06 | May 06 | Jun 06 | Jul 06 | Aug 06 | Sep 06 | Oct 06 | Nov 06 | Dec 06 | Jan 07 | Feb 07 | Mar 07 | Apr 07 | May 07 | Jun 07 | Jul 07 | Aug 07 | Sep 07 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Livelihoods 1: Establish base-line--villagers' perception of well-being | 5/25/2006 | | | | | ◆ | | | | | | | | | | | | | | | | |
| 2 | Livelihoods 2: Increased perception of well-being among villagers, improvement from July 2006 assessment | 2/23/2007 | | | | | | | | | | | | | | ◇ | | | | | | | |
| 3 | Livelihoods 3: Increased perception of well-being among villagers, improvement from Nov 2006 assessment | 9/4/2007 | | | | | | | | | | | | | | | | | | | | ◇ | |
| 4 | Governance 1: Village CSOs Formation (59 Villages) | 6/30/2006 | | | | | | ◆ | | | | | | | | | | | | | | | |
| 5 | Governance 2: Community Action Plan 2006-07 in 59 villages | 7/31/2006 | | | | | | | ◆ | | | | | | | | | | | | | | |
| 6 | Governance 3: Community Development Goals 2006-2011 in 59 villages | 6/30/2006 | | | | | | | ◆ | | | | | | | | | | | | | | |
| 7 | Governance 4: Increased Community Participation in the Formulation and Ownership of Local Development Plans | 7/31/2006 | | | | | | | | ◆ | | | | | | | | | | | | | |
| 8 | Governance 5: Revealed Capacity to Manage Donor Funding Through Village CSOs | 2/23/2007 | | | | | | | | | | | | | | ◇ | | | | | | | |
| 9 | Governance 6: Revealed Capacity of Village Leaders to Prevent and Mitigate Conflict | 12/6/2006 | | | | | | | | | | | ◆ | | | | | | | | | | |
| 10 | Governance 7: Increased Coordination Between Village, Kecamatan, and Kabupaten | 12/6/2006 | | | | | | | | | | | | ◆ | | | | | | | | | |
| 11 | Governance 8: Community Action Plan 2007-08 in 59 villages, improvement over 2006-07 plan | 3/3/2007 | | | | | | | | | | | | | | ✕ Planning Activity Cancelled | | | | | | | |
| 12 | Governance 9: Increased Community Participation in the Formulation and Ownership of Local Development Plans, improvement from July 2006 assessment | 3/3/2007 | | | | | | | | | | | | | | ✕ Planning Activity Cancelled | | | | | | | |
| 13 | Governance 10: Revealed Capacity to Manage Donor Funding Through Village CSOs, improvement from July 2006 assessment | 5/2/2007 | | | | | | | | | | | | | | | | ◇ | | | | | |
| 14 | Governance 11: Revealed Capacity of Village Leaders to Prevent and Mitigate Conflict, improvement from July 2006 assessment | 5/2/2007 | | | | | | | | | | | | | | | | ◇ | | | | | |
| 15 | Governance 12: Increased Coordination Between Village, Kecamatan and Kabupaten, improvement from July 2006 assessment | 5/2/2007 | | | | | | | | | | | | | | | | ◇ | | | | | |
| 16 | Governance 13: Revealed impact of Community Action Plan 2006-07 | 9/4/2007 | | | | | | | | | | | | | | | | | | | ◇ | | |
| 17 | Governance 14: Revealed progress in achieving community development goals 2006-11 | 9/4/2007 | | | | | | | | | | | | | | | | | | | ◇ | | |
| 18 | Platform 1: Community groups formed, common goals, priorities, working relations established [start-up meetings] | 4/7/2006 | | | ◆ | | | | | | | | | | | | | | | | | | |
| 19 | Platform 2: Community groups interacting to establish common goals [planning] | 4/7/2006 | | | ◆ | | | | | | | | | | | | | | | | | | |
| 20 | Platform 3: Action Plans of PEMDA and KPA [planning] | 6/30/2006 | | | | | | ✕ Planning Activity Cancelled | | | | | | | | | | | | | | | |
| 21 | Platform 4: Community groups interacting to achieve common goals [grant development and implementation] | 12/5/2006 | | | | | | | | | | | | ◆ | | | | | | | | | |
| 22 | Platform 5: Community groups interacting to update/expand common goals [planning] | 5/2/2007 | | | | | | | | | | | | | | | | ◇ | | | | | |
| 23 | Platform 6: Community groups interacting to achieve updated/expanded common goals [grant development and implementation] | 6/3/2007 | | | | | | | | | | | | | | | | | | ◇ | | | |

## Grant Worthiness Guide
November 2004

As we assess the quality of grant proposals, we must keep in mind that we do not simply want to provide funds for material change or to enable an event to occur, but more to enter into partnerships to build a foundation for building peace and resolving conflicts throughout Indonesia. While we face many constraints in providing support—most notably our regulations and policies—it is important that we do not impose our own ideas on the proposing organization. Before reaching agreement to support a proposal, both SPD and the applicant should be convinced about what we are undertaking. Furthermore, we must remember that however technically feasible or financially sound the project, it is the participation of people which will determine whether or not it is a success.

Answering the following questions will help us make funding decisions and stimulate partner organizations to improve their strategies and project management skills. Seeking answers to these questions for each proposal we evaluate will also help ensure that we are consistent in the way we deal with proposals and in the decisions we make on grant funding.

Basic questions we should ask when assessing a proposal include:

### Organization Aspects

☐ Is the organization officially registered? Can they provide registration documentation?

☐ Is the organization in compliance with relevant USAID regulations?

☐ Does the organization possess sufficient institutional capability in areas pertaining to the proposed activity and as required by the Grant Agreement?

☐ Are organization staff members reliable, realistic, capable and enthusiastic? Are they well-qualified to implement the project or do they need training?

☐ Are organization leaders strong? Do they respect the opinions of others and open to new ideas and suggestions?

☐ Can the organization demonstrate financial responsibility required under the proposed grant type? Can they provide annual financial statements, audit reports, letters from other donors and/or in-site visit reports to verify financial capabilities? Remember that SPD support four types of grants:

- *In-kind Grant*—requires systems to identify, segregate, accumulate, and properly record all costs incurred under the grant.
- *Standard Grant*—requires evidence of financial management and responsibility, including a completed "Accounting System and Financial Capability" questionnaire.
- *Simplified Grant*—requires adequate cash flow.
- *Fixed Obligation Grant*—requires adequate cash flow.

☐ If problems arise in implementing the project, what provisions are there for resolving internal conflict or disposing of project assets?

**Project Objectives and Framework**

☐ Do the project objectives fall within the scope of the SPD framework and policies?

☐ Are objectives clear, reasonable and practical? Are they tangible and quantifiable? Are the understood by all project participants and stakeholders?

☐ Are objectives realistic in terms of time, quantity, quality and cost?

☐ Is the project likely to achieve its objectives? Are the objectives overly optimistic vis-à-vis the planned activities? How do they measure against the technical feasibility of the project?

☐ Does the organization distinguish between the project purpose (e.g., build a school) and objective (e.g., improve level of education)?

☐ Does the project address a genuine need?

☐ Is the project design based on adequate baseline information? Projects often fail because the assumptions on which they were based proved inadequate or false. What is the minimum we need to know before we can implement this activity—does the organization possess this knowledge?

☐ Are beneficiaries clearly defined in terms of type, number and location?

☐ Is the project desired by the intended beneficiaries, both men and women?

☐ How was the proposal drawn up? Have beneficiaries been involved in the project planning process? How will they be involved in project implementation?

☐ What are the organization's motives for the project (e.g., political, religious, professional)? Serious problems can arise due to particular motivations.

**Project Activities and Technical Aspects**

☐ Is the project technically feasible?

☐ Will the project produce adverse effects?

☐ Can the organization overcome identified constraints?

☐ To what extent might the government, local authorities or other power elites interfere with or encourage project activities?

☐ Does the project consider the political, social and economic background in which it will be implemented?

☐ Does this project duplicate the work of others?

☐ Is the project providing a service or output that is more lavish than the norm? Funding something less than the ideal might be more sustainable.

**Financial Aspects**

☐ Are the project budget and resources adequate to support planned activities?

☐ Are budget items compatible with SPD standard rates?

☐ Are we over-funding the organization, causing potential harm by providing excessive funds?

☐ Will future (additional) funding be necessary?

☐ Are local contributions adequate, realistic, or over optimistic? Could the organization or beneficiaries be asked to contribute more?

☐ Are other donors, agencies or private sector entities providing funding (in-kind or monetary)?

☐ What assistance has the organization received for similar activities? What was the result of these activities?

**Monitoring, Self-Assessment and Sustainability**

☐ Are reporting and monitoring procedures included in the proposal? Are they clear, appropriate and achievable?

☐ Are there provisions for a mid-project reviews? How often and how will they be conducted?

☐ Will it be possible to measure the progress of the project and its impact? What are the proposed output and impact indicators?

☐ If the project is successful, could it be repeated elsewhere?

☐ When SPD support is complete, is it likely that the activity or its output and benefits will continue? What plans are there for continuing the project or its activities?

☐ Are there links with other organizations that might contribute to sustainability of activities or impact?

☐ Compared with other activities we have or might fund, how much risk is involved in supporting this project?


**Gender Analysis**

As we develop conflict prevention and response initiatives, it is critical that we understand and take account of the gender-specific needs and interests of crisis-affected people regarding security, health care, education, and livelihoods. Gender issues should be addressed within our needs assessments, project frameworks and discussions of project impact with our partners and beneficiaries. This implies that SPD assistance should address the needs and interests of both men *and* women—conducting gender analysis during project design and incorporating the results of our analyses in grant proposals, will help us achieve this goal.

Gender analysis should not stop at the design stage; it should continue throughout the project cycle. This will inform us of and help us understand differences in access and control among women and men over project resources and benefits, and participation in decision-making processes. It will also provide us information on potential opportunities for reducing gender inequalities and promoting more equal relations between women and men. Analyses conducted during the implementation phase will provide baseline data useful in measuring gender-related achievements and guide us to more effective program strategies.

Basic questions we should ask when assessing a proposal regarding gender issues include:

**Project Management**

☐ What guidelines exist on the integration of women in project management? How will the organization facilitate this?

☐ Are women and men represented equally in project management groups?

☐ Does the organization require training on gender awareness and gender analysis?

**Assessment and Problem Identification**

☐ Did the needs assessment look into the specific problems and needs of women? Did it identify barriers to women's participation or productivity? We should investigate references to "the household" or "the family"—what is the composition of households/families and expected project impact on members?

☐ Does the "problem" addressed by the proposal affect women and men differently? Were women involved in the development of the "solution"?

☐ Were women involved in conducting the needs assessment? Were women beneficiaries asked their opinion on their problems and needs? On their access to resources and opportunities, or participation in the development process?

**Objectives and Framework**

☐ Do the objectives state that project benefits are intended equally for both women and men?

☐ Do any objectives challenge existing or traditional sexual divisions of labor, tasks, opportunities and responsibilities?

**Project Strategy and Implementation**

☐ Does the project target both men and women? Does it give special attention to female-headed households with regard to access to training, technology, credit, land, etc?

☐ Is the implementation strategy likely to overlook women in the target group?

☐ Is the strategy concerned mainly with delivering benefits to women, or does it also involve their increased participation and empowerment to improve their ability to overcome problems and take advantage of opportunities?

☐ How will the organization encourage and ensure broad participation of women in implementation?

☐ Does the intervention challenge existing gender divisions of labor, tasks, responsibilities and opportunities?

☐ Are livelihoods programs adding to the work of women without really adding to their disposable income? Income generating programs should help women derive income from work they already do, and not add to their workload.

☐ Will new technologies provided by the project fall under the sole control of men? If so, what is the likelihood that women will suffer?

☐ Does the strategy work with and strengthen informal networks which help women? Are new organizations supported?

☐ Will women be involved in education and training? What work has been done to overcome possible opposition from men? Are complementary activities planned to facilitate women's participation in educational programs (particularly women heading households)—e.g., provision of child-care or organization of food processing?

☐ Is there flexibility and openness to respond to new methods and opportunities for supporting gender equality that present themselves during implementation?

**Project Outputs, Impact and Monitoring**

☐ Relative to men, do women receive a fair share of the benefits that arise from the project? What provisions are in place to ensure equal access to project benefits?

☐ Does the project give women increased control over material resources, better access to credit and other opportunities, and more control over the benefits resulting from their productive efforts?

☐ What methods are proposed for monitoring the progress in reaching women?

☐ What are the likely long-term effects on women's ability to take charge of their own lives and take collective action to solve problems?

☐ Are gender-disaggregated baseline data available (qualitative and quantitative)? Are mechanisms in place to ensure the collection and analysis of such data? Were women involved in determining indicators? Will they be involved in collecting associated data? In discussing results of the project?

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## USAID SPD Community Recovery and Reconciliation Initiative (CBR and ACEO) Closeout Plan [*]
### 10 February 2007

This document presents the SPD Community Recovery and Reconciliation (CRR) Initiative closeout plan that will be implemented during the period February 2007 to January 2008. The CRR Initiative encompasses the Community-Based Recovery (CBR) and Aceh Community Engagement and Ownership (ACEO) Initiatives. The closeout plan supports the consolidation of CRR accomplishments to date, and facilitates final steps toward the achievement of overall CRR objectives and outputs.

The plan takes account of key SPD budget and time constraints, including dates when USAID agreements with Public-Private Partners conclude, and the required 3-month SPD administrative closeout period.

The plan comprises four components:

1. Village recovery activity design and implementation;
2. Community leadership and management skills strengthening;
3. Village development planning; and
4. Assessments of achievements, outputs and impacts.

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**Community Recovery & Reconciliation**

The objectives and outputs of CBR and ACEO are similar, and are presented jointly as follows:

Objective: To engage communities in recovery and reconciliation processes by building effective relationships between them and other groups.

Outputs:
- Networks of constructive relationships;
- Good governance practiced and nurtured; and
- Sustainable improvement in livelihoods.

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Successful implementation of the plan requires the active and dedicated participation of all SPD staff members. Senior managers will be challenged during the closeout period to maintain the energy and focus of staff members as they begin their search and eventually depart for new employment opportunities. It will be a difficult but critical task to maintain sufficient staff levels in each technical area (e.g., procurement, accounting, grant management, village facilitators) through the end of the contract period.

**Village recovery activity design and implementation [contributes to all outputs, especially: sustainable improvement in livelihoods]**
ACEO grant funding for village recovery activities is fully obligated. CBR grant funding for village recovery will be fully obligated by 30 March 2007. Grant funds support a range of recovery activities, including rehabilitation and construction of infrastructure, agriculture development activities and small business development. With design tasks near completion, SPD will focus effort during most of the closeout period on implementation tasks.

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[*] While there is some overlap of tasks and issues, this document does not represent or replace the SPD Closeout Plan that is to be delivered to the CTO for approval approximately 6 months prior to the end of the SPD contract. For details, see contract No. DOT-I-03-800-00004-00, Task No. 800.

Grantee management capacity and the nature of activities to be implemented largely dictate deadlines for various implementation tasks. Public-Private Partnership agreements and the dates that they conclude also are important considerations. Grant-funded activities are planned to conclude by the following dates (grouped by funding source):

- ACEO USAID-ExxonMobil funding, 15 July 2007
- ACEO general funding, 15 August 2007
- CBR USAID-Chevron funding, 15 July 2007
- CBR general funding, 15 September 2007
- CBR USAID-AmeriCares funding, 15 September 2007

Beyond the normal challenges and issues that can arise when implementing community development activities—which can cause delays in established schedules—SPD faces two main constraints in implementing this component of the closeout plan.

*Village-based CSO Management Capacity.* Managers of the village-based CSOs formed with SPD support generally lack the skills required to perform their duties. This is not surprising, given that most have never managed or administered a CSO. Working with SPD funding represents their first opportunity to manage donor resources. This lack of skill and experience limits their ability to effectively and efficiently manage SPD resources. It can delay implementation schedules.

SPD will address this issue through training events that focus on themes and skills appropriate for CSO managers and administrators. Training events in the first half of 2007 will supplement training provided in 2006, helping to ensure that CSOs properly manage village projects and SPD funding, and to prepare them to continue operations after the conclusion of the SPD program (see next section for more details). At the same time, it must be understood that regardless of the amount or quality of training provided, it will take time for CSO staff to transform new knowledge into habit. As a result, SPD staff members will have to remain proactive in assisting, guiding and mentoring CSO staff as they perform their duties.

*Quality Control of Physical Outputs (Assets)*
Given the broad geographic spread of participating villages and the variety of infrastructure provided to them, SPD faces a great challenge to ensure that all assets provided to villages meet desired standards. SPD has established quality control procedures to provide assurance that project finances are used as intended, and which ensure that reliable information on the quality of assets provided to partner communities is delivered to SPD managers so that they can address quickly any weaknesses. Clear guidelines indicate steps in the quality control process, staff roles and responsibilities, and reporting procedures. SPD engineers assist in the design of small-scale infrastructure units and help monitor their construction.

During the closeout phase, SPD will transfer ownership of assets to villages and government agencies, as appropriate. Transfer is formally complete when the recipient signs an Asset Transfer Letter, acknowledging receipt of the asset and acceptance of responsibilities for its use and maintenance. Many recipient communities are quite capable of managing and maintaining community assets. Others have less experience, and will face challenges in this regard. SPD will work with leaders in these communities to build local capacity to manage and maintain community assets (see next section for more details).

**Community leadership and management skills strengthening [contributes to all outputs, especially: good governance practiced and nurtured]**
Inadequate leadership capacity is the key obstacle facing any community-driven program. SPD designed a training package comprising several modules to build strong leadership capacity, providing training and support to leaders at several levels of society. Formal training events and field-based mentoring prepared participants to assume greater responsibility for and control over their actions, and increased their capacity to empower and develop their communities.

CRR capacity building formally began with Personal Empowerment and Awareness (*Operacy*) and Transformational Leadership (*CoOperacy*) in order to build a strong foundation for developing other skills. In *Operacy* training, participants discover that peace is a choice, and that there are peaceful and effective ways of perceiving and responding to others. This facilitates a transition from survival to development thinking, and highlights that peace is a choice that cannot be sustained without effort from all sides of a conflict.

In *CoOperacy* training participants focus on the roles and responsibilities of leaders working with communities in transition. Participants learn that strong leadership implies mutually enhancing and supportive relationships between all members in the community. They also discuss how sustainable prosperity flows from healthy and productive relationships.

**CRR Leadership Strengthening: Training Cycle**



Soon after these courses, SPD began to provide participants with additional training to build participatory planning, facilitation and communication, and conflict mitigation and management skills. During the closeout phase, SPD will conduct final training events that will complete this cycle of training in CRR communities, with focus on leaders in the 119 participating villages.

SPD will also continue efforts to strengthen the skills of CSO personnel in CRR communities. Given their current experience, managing cash funds and in-kind resources efficiently and transparently is not easily accomplished. To meet this challenge, CRR has provided training to CSO managers on bookkeeping, financial planning, project implementation and organizational management. Training has also included discussion of accountability and transparency in the use of funds.

During the closeout phase, SPD will conduct at least one additional training event for each CSO to further strengthen staff skills. In addition to topics covered in previous training sessions, instruction will cover maintenance of village assets, administration and replacement costs associated with operation of public infrastructure, and management of community enterprises.

*Challenges.* Having provided leadership training to many of the targeted beneficiaries, SPD has the skills, experience and material to successfully implement planned leadership development activities. Due to time and human resource constraints, SPD will enter into grant agreements with local NGOs to conduct final CSO management strengthening activities. Although

interviews have begun, SPD must finalize dicussions and conclude agreements with several service providers to ensure training events proceed according to schedule.

**Village development planning [contributes to all outputs, especially: networks of constructive relationships]**
Comprehensive planning for village recovery is a critical activity for participating villages because it provides a long-term framework for their recovery and encourages teamwork in managing local resources with a goal of local development. Village planning began with the preparation of simple five-year development vision and mission statements, followed by the formulation of sector plans by technical groups. Community leaders summarized sector plans as elements of Community Action Plans for 2006-2007.

Ensuring that local planning efforts feed into provincial and national planning frameworks is an important challenge. Done in isolation, the Community Action Plans will have little lasting impact in the CRR area. During the closeout phase, SPD will work with participating villages to update and re-formulate their plans for presentation to local authorities. SPD will seek the assistance and cooperation of local and provincial government offices to ensure that planning efforts are integrated with provincial and national planning processes. Coordinating with and seeking the commitment of government and KPA representative will be critical, and will help ensure that relationships are strengthened during the process.

*Challenges.* SPD will need to gain solid understanding of the national planning process and requirements to determine how SPD might assist planning at the village level and facilitate links with national planning efforts. To meet this challenge, a small group of SPD staff will meet with local officials and civil society groups to learn about provincial planning processes, key actors and stakeholders, and data requirements. They will also review SPD village planning efforts to date, gathering lessons that can be used in the final planning cycle. Finally, the group will formulate a detailed action plan for SPD staff training, stakeholder preparation, building village awareness of planning processes and expected outputs, and village planning activities.

**Assessments of achievements, outputs and impacts**
Impact assessments and discussion of their findings are an integral part of SPD operations. Properly done, they uncover information and identify alternatives which facilitate the making of better decisions, and help SPD managers and project stakeholders learn from successes and mistakes. Impact assessments help illuminate the success of SPD and its initiatives in relation to their objectives, and the extent to which intended beneficiaries have really benefited. They also provide a check on the use of program resources, and help managers improve their work through the dissemination of information about project experience and outcome.

Sources of information for impact assessments include: interim and final grant award project reports; interviews and focus group discussions with grantees, beneficiaries, and other project participants (e.g., local government officials, educators, and health care providers); community or group self-surveys; and descriptive accounts of important incidents, actions, and meetings.

During the closeout period, SPD will continue to conduct periodic assessments of progress in achieving CRR objectives and outputs. At the conclusion of field activities, SPD will hold a senior management and program staff meeting to discuss lessons learned, methods developed and major achievements. This meeting will help consolidate impact assessment information, and facilitate final documentation of CRR achievements, outputs and impact.

## Community Action Plan Review Process and Guide
### March 2006

As we review the quality and content of community action plans we must keep in mind that we do not simply want to review plans for initiatives that USAID SPD might support, but more to assess the degree to which a broad cross-section of community members participated in the design process and how the overall plan addresses local needs and aspirations within the context of local resources. In reviewing plans, it is important that we do not impose our own ideas on the community—we are not "approving" their plans.

It is also important that we recognize that not all plans will be of the highest quality, containing all of the detail we might desire. There will be great variety in the content (detail and otherwise) of the village plans we receive. For many villages, their document represents a first attempt at formulating a medium-term community plan. As such, it is a first step in their learning process—our role is to help them move through this process at their own pace. It can be counterproductive to be overly critical in our review of early planning outputs.

We must also remember that however technically feasible or financially sound are the action plan and associated activities, it is the participation, ownership and commitment of people which will determine whether or not it is a success.

Gender Issues. As we review community action plans, it is critical that we understand and take account of the gender-specific needs and interests of community members regarding security, health care, education, and livelihoods. Gender issues should be addressed within community needs assessments, development frameworks and discussions of project impact. This implies that community action plans should address the needs and interests of both men *and* women—conducting gender analysis as we facilitate local development planning will help us achieve this goal.

Gender analysis should not stop with planning events and discussions in villages; it should be integrated into the implementation of the plan and associated activities. This will inform us of and help us understand differences in access and control among women and men over community development resources and benefits, and participation in decision-making processes. It will also provide us information on potential opportunities for reducing gender inequalities and promoting more equal relations between women and men. Analyses conducted during the implementation phase will provide baseline data useful in measuring gender-related achievements and guide us to more effective program strategies.

The review process involves input from a number of DAI staff members. To ensure timely response to village needs, it is important that we move through this process as quickly as possible without compromising its integrity. Meetings and discussions should be held as soon as possible, and communication maintained with participating communities as we review their plans.

**Community Action Plan Internal Review Process Leading to Proposal Development**

| Process Step | Participants | Tasks |
|---|---|---|
| 1. Community Action Plan received by DAI | Community Facilitator (CF), Community Program Development Officer (CPDO) | • After facilitating village planning process, CF delivers the plan to the CPDO<br>• CPDO schedules Planning Process Review meeting |
| 2. Planning Process Review and Plan Document Check | CF, Field Coordinator (FC), CPDO, Senior Program Development Advisor (SPDA), and/or Aceh Program Implementation Manager (APIM)<br><br>*Minimum 3 persons required* | • Discuss village-level planning activities that were conducted, and verify participants in these activities<br>• Verify that the plan document contains information required for content review, and is supported by more detailed information available in the associated village<br>• Clarifications required: CF meets with village leaders for discussion<br>• No clarifications; CF or MIS Assistant enters plan into DAI SPD database (if not already entered)<br>• CPDO schedules Content Review meeting<br><br>*(see theme and question details below)* |
| 3. Content Review | CF, FC, Regional Coordinator (RC), CPDO, and SPDA and/or APIM<br><br>*Minimum 4 persons required, including SPDA or APIM* | • Review plan content—activity-by-activity details<br>• Clarifications required: CF meets with village leaders for discussion<br>• No clarifications, SPDA or APIM prepare Letter of Acknowledgement for CF delivery to village<br><br>*(see theme and question details below)* |
| 4. Priority Setting and Activity Selection | Village leaders, CF, FC, CLO, APIM<br><br>*Minimum CF and CLO* | • CF and CLO facilitate village discussion and establishment of priorities to be supported with USAID SPD funds<br>• CLO delivers list of high, medium and low priority activities to APIM<br><br>*(Note: CF and FC will facilitate discussion and prioritization of activities to be funded by other donors after SPD Proposal Development [see step 5 below])* |
| 5. Proposal Development | Village leaders, CF, FC, CLO, APIM | • High priority activity statements reformulated as grant award proposals (next steps follow standard DAI grant proposal development processes)<br>• If Village CBR budget permits, medium priority activities reformulated as grant award proposals<br>• If Village CBR budget permits, low priority activities reformulated as grant award proposals<br><br>*(see theme and question details presented in DAI SPD Grant Worthiness Guide)* |

Note: in addition to the participants noted in the table, the following staff members are encouraged to attend *Content Review* and *Priority Setting and Activity Selection* meetings: Community Livelihoods Officer (CLO), Jakarta PIM, Monitoring and Evaluation Manager, Chief and Deputy Chief of Party (COP, DCOP).

Answering the following questions will help us review community action plans and stimulate communities to improve their strategies and project management skills. Seeking answers to these questions for each plan we review will also help ensure that we are consistent in the way we deal with plans and in the decisions we make on grant funding.

Basic questions we should ask when reviewing a community action plan are presented below. Participants in the review process should keep in mind that it is not our goal to answer each of these questions in the affirmative, or in great (and satisfactory) detail. Certain questions will not be applicable in some circumstances. It may not be possible for some villages to take actions suggested in certain questions. In asking these questions, we are trying to obtain a general understanding of the process through which the plan was developed and of its contents, and a degree of comfort with this process and content that enables us to begin, in partnership with the village, project design and implementation tasks.

## Planning Process Review and Plan Document Check

*Process and Participation*
☐ How was the plan drawn up?
☐ What was the degree and quality of community participation in the planning process? How will they be involved in its implementation?
☐ Are the plan and its contents clearly desired by the intended beneficiaries?
☐ Was the plan validated by the community?

*Risk*
☐ If problems arise in implementing the plan, what provisions are there for resolving internal conflict?
☐ Has the community considered adverse effects that might arise as a result of planned activities? What provisions have been made to address adverse affects?
☐ As applicable, were government policies and regulations followed and addressed during the planning process?

*Sustainability*
☐ Were sustainability issues discussed during the planning process?
☐ Did the community discuss potential impact of change, both positive and negative, on their social, economic and environmental systems?
☐ Did the community discuss the potential for corruption in handling activity funding and in the ownership of activity output?
☐ Did the community discuss the potential need for strengthening leadership capacity as the community develops and expands livelihoods opportunities?
☐ Did the community consider the political, social and economic background in which it will implement its plan?

*Gender Issues*
☐ How did village leadership facilitate the integration of women in the community planning process?
☐ Are women and men represented equally in planning groups?
☐ Did needs assessments look into the specific problems and needs of women? Did they identify barriers to women's participation or productivity?
☐ Does the plan reference "the household" or "the family"—what is the composition of households/families and expected activity impact on members?

- ☐ Were women involved in conducting the needs assessment? Were women beneficiaries asked their opinion on their problems and needs? On their access to resources and opportunities, or participation in the development process?
- ☐ Does the plan target both men and women? Does it give special attention to female-headed households with regard to access to training, technology, credit, land, etc?
- ☐ Is the plan concerned mainly with delivering benefits to women, or does it also involve their increased participation and empowerment to improve their ability to overcome problems and take advantage of opportunities?
- ☐ How will village leadership encourage and ensure broad participation of women in implementation?
- ☐ Is there flexibility and openness to respond to new methods and opportunities for supporting gender equality that present themselves during implementation?

*Document Check*
- ☐ Does the plan, as presented in the summary document, contain clear activity descriptions?
- ☐ Are associated sector and sub-sector information complete and accurate?
- ☐ Are start and end date information complete and realistic?
- ☐ Are potential and current donors represented in the plan? For potential donors, is their participation realistic?
- ☐ Are village contributions—financial and in-kind—presented in the plan?


**Content Review**

Activities and Technical Aspects
- ☐ Are activities presented in the plan technically feasible?
- ☐ Are capacity building activities presented in the plan? Are there clear connections with these activities and activities that have a more technical focus?
- ☐ Will implementation of planned activities produce adverse effects?
- ☐ To what extent might the government, local authorities or other power elites interfere with or encourage planned activities?

*Gender Issues*
- ☐ Do planned activities challenge existing gender divisions of labor, tasks, responsibilities and opportunities?
- ☐ Do "problems" addressed affect women and men differently? Were women involved in the development of "solutions"?
- ☐ Are planned activities adding to the work of women without really adding to their disposable income? Income generating programs should help women derive income from work they already do, and not add to their workload.
- ☐ Will new technologies provided by activities included in the plan fall under the sole control of men? If so, what is the likelihood that women will suffer?
- ☐ Will women be involved in education and training? What work has been done to overcome possible opposition from men? Are complementary activities planned to facilitate women's participation in educational programs (particularly women heading households)—e.g., provision of child-care or organization of food processing?
- ☐ Relative to men, do women receive a fair share of the benefits that arise from activities presented in the plan? What provisions are in place to ensure equal access to benefits?

☐     Do planned activities give women increased control over material resources, better access to credit and other opportunities, and more control over the benefits resulting from their productive efforts?

Financial Aspects

☐     Are planned activity budgets and resources adequate to support implementation?

☐     Are community contributions adequate, realistic or over optimistic? Could the community be asked to contribute more?

☐     Does the plan request more funding than necessary, causing potential harm as donors may subsequently question the motivations of the village and its leaders?

☐     What assistance has the village received for activities similar to those represented in the plan? What was the result of these activities?

Monitoring and Self-Assessment

☐     Are reporting and monitoring tasks included in the plan? Are they clear, appropriate and achievable?

☐     Are there provisions for periodic implementation reviews? How often and how will they be conducted?

☐     Will it be possible to measure the progress of plan implementation and impact?

☐     When donor support is complete, is it likely that planned activities or their outputs and benefits will continue? What plans are there for continuing planned activities?

*Gender Issues*

☐     What methods are proposed for monitoring progress in reaching women?

☐     Are plans presented to monitor long-term effects on women's ability to take charge of their own lives and take collective action to solve problems?

☐     Are gender-disaggregated baseline data available (qualitative and quantitative)? Are mechanisms in place to ensure the collection and analysis of such data?

☐     Were women involved in determining indicators? Will they be involved in collecting associated data? In discussing results of the planned activities?

**DAI SPD Community Livelihoods Recovery Projects**
**Asset Replacement and Revolving Funds**
21 November 2006

Livelihoods recovery projects are an important component of USAID SPD community-based recovery and reconciliation initiatives in Aceh. In the context of SPD, asset replacement activities are critical. SPD provides support through village CSOs to community groups or individuals for replacing private assets (e.g., cattle, goats, or seed) lost in a conflict or disaster, encouraging participants to provide a level of payment back to the community in order to foster self-reliance and community cohesion. While the focus of these activities is on asset replacement and income generation, objectives related to the sustainability of revolving funds and credit schemes are equally important. To facilitate project implementation and ensure proper use of project funds, particularly the transfer of assets to individuals and subsequent repayment for these assets (in whole or in part) to other individuals or organizations within the community, DAI implements the following capacity building and monitoring procedures for all revolving fund projects funded through the SPD Program.

*Project Planning and Design*

1.  All CSO staff members and village leaders participate in a series of leadership strengthening activities in the course of their participation in SPD Community-Based Initiatives. These activities aim to improve governance of local resources, and thereby increase their capacity to empower and develop their communities. The most important of these training events are the week-long courses in *Operacy* (personal empowerment) and *CoOperacy* (leadership). These activities help develop a foundation for proper governance of assets and associated revolving funds, reducing the possibility of theft or fraud in their use.

2.  All CSO staff members participate in a series of capacity building events in the course of their participation in SPD Community-Based Initiatives (all CSOs have participated in one training event as of the date of this publication; a second event is scheduled for January-February 2007; additional training will be provided as necessary, keeping within time and budget constraints). These activities aim to improve the capacity of participants to effectively and efficiently manage the affairs of their village-based CSO. Training covers a range of themes and skills areas, including accounting practices and systems, procurement of goods and services, project management and operations systems, and project monitoring and assessment. Like the training events noted in item 1, above, CSO capacity building events help develop a foundation for proper governance of assets and associated revolving funds, reducing the possibility of theft or fraud in their use.

3.  All village livelihoods activities and associated revolving funds supported by USAID SPD must be part of the Community Action Plan. These plans are developed using a participatory process that involves representatives of agriculture, health, women and children and other key sectors in the village. With assistance from SPD facilitators, village representatives discuss and formulate plans that address the needs of all groups in the community. They also discuss mechanisms to monitor the use of donor and village resources. This planning process helps ensure that a broad cross-section of the community agrees to the importance of each activity and associated revolving fund, including design and implementation components.

4.  During discussion of projects that involve the provision of assets to individual community members and associated revolving funds, SPD facilitators ensure discussion includes issues of equitability (including environment and gender issues), transparency and accountability. That is, who receives assets first, the approach to repayment by individuals and transfer of resources to other community members, and how will funds be managed by the community. Facilitators also ensure broad community participation in these discussions and in deliberations over general

31

project design and implementation methods. (Note: experience to date suggests that most communities have previous experience implementing and managing community revolving funds, and have developed local, culturally sensitive control methods. SPD will strengthen and support existing structures whenever possible. A brief description of relevant community experience with revolving funds will be presented in individual grant proposals, including any local control methods applicable to grant-funded activities.). This process helps ensure community understanding of, and agreement and commitment to the project design, implementation process and associated management approach (i.e., plan for distribution of assets, payback scheme and fund control).

5. When selected by the community for support using SPD funds, SPD facilitators and community livelihoods officers work with village leaders to finalize project design and implementation methods. The facilitators and community livelihoods officers discuss various implementation options, ensuring the community understands the implications of selecting each option regarding, for example, the intensity of management required and burden placed on individuals receiving the asset. Details regarding payback schemes, fund management arrangements and asset distribution plans will be presented in each grant agreement. As with item 4, above, this step helps ensure community understanding of, agreement to and commitment to the project design, implementation process and associated management approach.

6. Following community discussion and agreement, SPD formulates curriculum and provides training to match community skills with the requirements of the revolving fund: the more complex the fund management scheme, the more training SPD provides fund managers (note: experience to date suggests that these funds will be quite simple to implement and manage, and therefore the associated training requirements will be minor; in addition, as noted in item 4, many villages have developed skills and experience through involvement in other community-managed revolving funds—SPD will strengthen these skills as necessary). Where possible, DAI SPD staff will provide training to fund managers. If necessary, DAI SPD will contract local experts to provide technical training and support. Skills development helps minimize potential problems such as theft, fraud and other misuse of project resources.

*Project Implementation*

7. SPD staff members and grantees (village CSOs) follow standard procedures as outlined in the DAI SPD Grants Implementation Guide and the DAI SPD Grants Administration Handbook. Supplements to these documents include the DAI SPD Grant Worthiness Guide, Input Standards Control documents and the Internal Controls Audit Guidelines. All SPD staff are responsible for implementing the policies and procedures presented in these documents, and for reporting weaknesses to DAI SPD Senior Managers. These documents are provided to all staff members, and are available in the project TAMIS.

8. During the course of project implementation, SPD facilitators will report success stories, problems and incidents to DAI SPD Senior Managers. Reported problems and incidents will be presented to and discussed with grantee senior management. DAI will request that the grantee promptly investigate problems and incidents and report their findings to DAI.

9. For projects where funding completes a cycle (i.e., first recipients of assets repay the community in whole or in part for the asset) prior to the end of the SPD contract, DAI SPD facilitators will monitor repayment discussions and activities closely, ensuring that actions follow those stipulated in the original grant agreement. With village leaders and CSO managers, facilitators will also help arbitrate disputes and mitigate conflicts that might arise. Facilitators will report any weaknesses, including instances of theft or fraud, to DAI SPD Senior Managers.

10. For projects where funding completes its first cycle after the end of the SPD contract, DAI SPD relies on participant attitude (see paragraphs 1, 3, 4 and 5) and skills developed (see paragraphs 2

and 6) during the contract period to ensure proper governance of SPD assets and funds provided to the community.

11. DAI SPD recognizes that it is not possible to eliminate completely all chance of problems occurring either before or after the end of the SPD contract period. However, by properly implementing the capacity building and monitoring activities and internal controls presented herein, SPD can greatly reduce the possibility that misuse will occur. DAI conducts regular audits and monitoring activities to provide assurance that implementation systems are functioning and policies are followed, and ensures that any weaknesses are recognized and addressed quickly by senior management.

# USAID-ExxonMobill Aceh Community Engagement and Ownership Initiative Participating Villages and Outputs of Grant-Funded Activities

Strait of Malacca

LHOKSEUMAWE

BANDA SAKTI

Kota Lhokseumawe

MUARA DUA

DEWANTARA
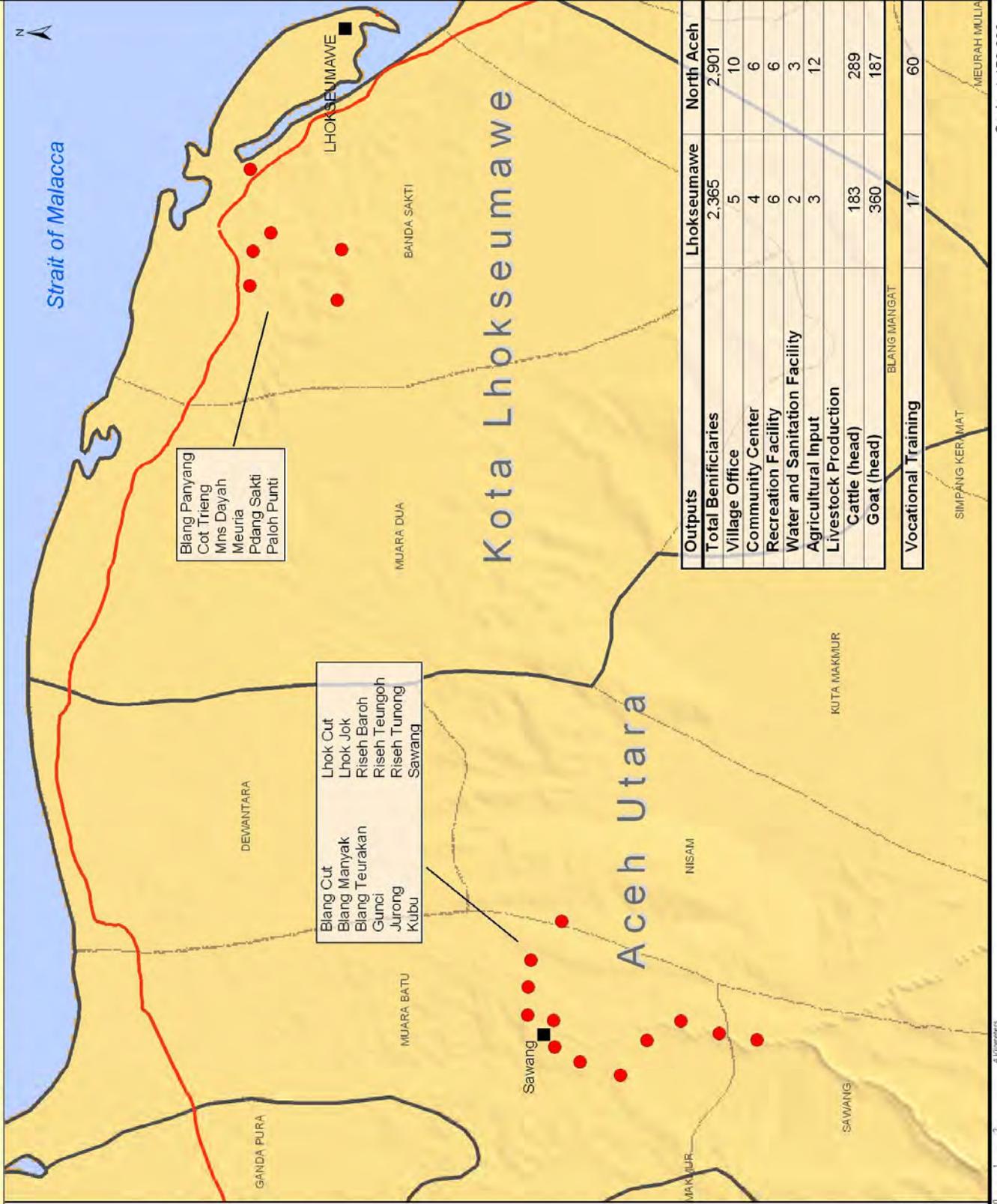
Blang Panyang
Cot Trieng
Mns Dayah
Meuria
Pdang Sakti
Paloh Punti

Blang Cut          Lhok Cut
Blang Manyak       Lhok Jok
Blang Teurakan     Riseh Baroh
Gunci              Riseh Teungoh
Jurong             Riseh Tunong
Kubu               Sawang

MUARA BATU

GANDA PURA

MAKMUR

Sawang

Aceh Utara

NISAM

KUTA MAKMUR

SAWANG

BLANG MANGAT

SIMPANG KER MAT

MEURAH MULIA

| Outputs | Lhokseumawe | North Aceh |
|---|---|---|
| Total Benificiaries | 2,365 | 2,901 |
| Village Office | 5 | 10 |
| Community Center | 4 | 6 |
| Recreation Facility | 6 | 6 |
| Water and Sanitation Facility | 2 | 3 |
| Agricultural Input | 3 | 12 |
| Livestock Production | | |
| Cattle (head) | 183 | 289 |
| Goat (head) | 360 | 187 |
| Vocational Training | 17 | 60 |

Scale 1:150,000

## Legend

- ● ExxonMobil-funded ACEO villages
- ■ City
- Road
- Kecamatan (Sub-District)
- Kabupaten (District)

**ExxonMobil.**

**USAID**
FROM THE AMERICAN PEOPLE

0  1  2  4 Kilometers

USAID SPD Aceh Community Engagement and Ownership Initiative (ACEO) -- Participating Villages, CSO Names and Demographic Data (30 October, 2006)

| No. | Village | CSO Name | Kemukiman | Kecamatan | Kabupaten | Families | Female | Male | Total |
|---|---|---|---|---|---|---|---|---|---|
| 1 | RISEH TUNONG | YAYASAN SEJAHTERA BANDUM | TEUNGOH | SAWANG | ACEH UTARA | 523 | 1,356 | 1,293 | 2,649 |
| 2 | GUNCI | YAYASAN MAKMU BEUSARE ADE BEURATA | TEUNGOH | SAWANG | ACEH UTARA | 511 | 1,009 | 927 | 1,936 |
| 3 | KUBU | YAYASAN UDEP BEUSENANG | TEUNGOH | SAWANG | ACEH UTARA | 133 | 271 | 261 | 532 |
| 4 | BLANG CUT | YAYASAN MISKIN MITA JAYA | TEUNGOH | SAWANG | ACEH UTARA | 103 | 248 | 242 | 490 |
| 5 | RISEH TEUNGOH | YAYASAN MITA BEUSARE WASE BEUSAMA | TEUNGOH | SAWANG | ACEH UTARA | 87 | 194 | 179 | 373 |
| 6 | RISEH BAROH | YAYASAN KEBAHAGIAN BERSAMA | TEUNGOH | SAWANG | ACEH UTARA | 148 | 318 | 281 | 599 |
| 7 | LHOK CUT | YAYASAN UDEP BEUSARE BAGI BERSAMA | TEUNGOH | SAWANG | ACEH UTARA | 105 | 230 | 175 | 405 |
| 8 | SAWANG | YAYASAN MAKMU BEUSARE UDEP BEURATA | TEUNGOH | SAWANG | ACEH UTARA | 665 | 1,424 | 1,399 | 2,823 |
| 9 | BLANG TEURAKAN | YAYASAN MAKMU BEUSARE UDEP SEJAHTERA | TEUNGOH | SAWANG | ACEH UTARA | 204 | 445 | 394 | 839 |
| 10 | JURONG | YAYASAN BEUDOH MAJU BEUSARE TABINA BEUSAMA | TEUNGOH | SAWANG | ACEH UTARA | 267 | 858 | 579 | 1,437 |
| 11 | BLANG MANYAK | YAYASAN INGIN JAYA | TEUNGOH | SAWANG | ACEH UTARA | 78 | 182 | 181 | 363 |
| 12 | LHOK JOK | YAYASAN SUKA MAJU | TEUNGOH | SAWANG | ACEH UTARA | 77 | 146 | 110 | 256 |
| | | | | | Aceh Utara, Total | 2,901 | 6,681 | 6,021 | 12,702 |
| 13 | BLANG PANYANG | YAYASAN TENGKU MON CARAK | PALOH TIMUR | MUARA DUA | KOTA LHOKSEUMAWE | 450 | 1,000 | 850 | 1,850 |
| 14 | MNS DAYAH | YAYASAN RAHMAT BEUSAREE | PALOH TIMUR | MUARA DUA | KOTA LHOKSEUMAWE | 234 | 512 | 497 | 1,009 |
| 15 | MEURIA | YAYASAN MASYARAKAT MEURIA PALOH | PALOH TIMUR | MUARA DUA | KOTA LHOKSEUMAWE | 618 | 1,565 | 1,051 | 2,616 |
| 16 | PALOH PUNTI | YAYASAN ANEUK NANGGROE | PALOH TIMUR | MUARA DUA | KOTA LHOKSEUMAWE | 352 | 755 | 737 | 1,492 |
| 17 | COT TRIENG | YAYASAN TENGKU CHIK DIPALOH | PALOH TIMUR | MUARA DUA | KOTA LHOKSEUMAWE | 162 | 238 | 284 | 522 |
| 18 | PADANG SAKTI | BEUDOH BEUSAREE | PALOH TIMUR | MUARA DUA | KOTA LHOKSEUMAWE | 549 | 1,134 | 924 | 2,058 |
| | | | | | Kota Lhokseumawe, Total | 2,365 | 5,204 | 4,343 | 9,547 |
| | | | | | Overall Total | 5,266 | 11,885 | 10,364 | 22,249 |

*Place spellings by Biro Pusat Statistik (BPS); Population data collected through village surveys by DAI-SPD (conducted March 2006); Total 47 CSOs*

35

Kabupaten and kecamatan level government and former-combatant representatives
attended a series of five-day trainings on personal empowerment and leadership



Training involved men, women and youth from a broad section of Acehnese
society who, during the conflict, perceived each other as not like-minded

Apart from the focused training series, ACEO frequently brought government and former combatant representatives, and community members together for team building sessions



Key to the process and efficacy of the results of village planning was the active participation of representatives from all groups in any given village

In many cases, the village planning exercises presented youth
their first opportunity to be engaged in village governance


During the conflict, many productive fields lay fallow. Peace has brought back
the abundant economic opportunities that lie beneath the Acehnese soil.

ExxonMobil assistance to the 18 villages of Lhokseumawe and North Aceh was particularly valuable
in light of the fact that very few other donors were active in the area

People were thankful for ExxonMobil's commitment to helping build a more prosperous Acehnese future

Support for Peaceful Democratization Program

**ACEH COMMUNITY ENGAGEMENT
AND OWNERSHIP INITIATIVE**

**Children for Peace Project**

**Final Report
September 2007**

# Development Alternatives, Inc. (DAI)
# Support for Peaceful Democratization (SPD)

# Children for Peace Project

# Final Report

# September 2007

USAID Contract No. DOT-I-03-800-00004-00
Task Order No. 800, Under the SWIFT II IQC
USAID Contractor: Development Alternatives, Inc. (DAI)

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the views of the United States Agency for International Development or the
United States Government.

**Development Alternatives, Inc. (DAI)**
**Support for Peaceful Democratization in Indonesia (SPD)**

**Children for Peace Project**
**Final Report, September 2007**

## Background

The MOU signed between the Government of Indonesia (GoI) and the Free Aceh Movement (GAM) on 15 August 2005 provided a foundation for attaining durable peace in Aceh. Moving away from cycles of violence and hostile interaction that have persisted for decades is a complex task that requires a mix of initiatives, including public information campaigns, support to local government agencies, rebuilding physical infrastructure and, more importantly, building and transforming relationships between communities who have been party to and affected by conflict.

The primary objective of SPD in Aceh is to engage conflict-affected communities in the peace process by building effective relationships between them and other not like-minded communities. In this context, "communities" refers largely to Government of Indonesia agencies and officials, former-combatants and conflict-affected villages. In Eastern Aceh, SPD brought these

> If we are to teach real peace in this world,
> If we are to carry on a real war against war,
> We shall have to begin with the children.
>
> *Mohandas K. Gandhi*

communities together at the district and sub-district levels to assist villages—men, women and youth—to become more active participants in the formulation of local development plans and strategies, and to have greater ownership of the results of development efforts. It encouraged citizens of diverse backgrounds to interact with each other as individuals and to work together to build a prosperous and peaceful future.

## Project Framework

Engaging children in SPD initiatives is critical to overall program success and to the sustainability of peace in Aceh. Children were introduced to and became active participants in SPD, and more broadly in the peace process underway in Aceh, through the Children for Peace project. This special project facilitated a process that brought together parents and educators from all sides of the conflict to develop among children a mindset and skills that will prepare them to become the future leaders and stewards of peace in Aceh.

Children for Peace activities were centered in primary schools, which provided neutral ground to bring together conflicting communities and for developing a fresh and peace-oriented outlook among children.


Personal empowerment training for parent-teacher committees, Children for Peace project.

Working through local school committees, the project exposed primary school students to simple, practical ways to work more effectively with their peers and to resolve conflict peacefully. These skills were introduced through formal training events and reinforced by active participation in project activities such as tree and flower planting to improve the school environment, and dance and sports competitions.

Specific outputs of the project include:

- Improved physical learning environment in all participating schools through the rehabilitation of basic infrastructure;
- Increased teacher and student knowledge of factors contributing to personal success, the role of thoughts and habits in achieving one's potential, and how they as individuals are part of an interconnected world;
- Improved teacher and student leadership and motivational skills, and increased student ability to reason about new decisions they will have to take as adults; and
- More cohesive school committees.

More broadly, and through these outputs, the project tapped into the leadership potential of the students, thereby enhancing the sustainability of current peace building and reconstruction efforts.

**Beneficiaries and Participating Schools**

Beneficiaries of the project included teachers and students, as well as the families of these students, and other residents of neighboring communities. In addition, the Department of Education in participating districts was introduced to a tested model for student leadership development that they might implement in other locales.



Personal empowerment training for students, Children for Peace project.

Forty-eight (48) primary schools located in four districts in eastern Aceh participated in the project (see appendix for list of schools). During project design, community leaders, government representatives and former-combatants expressed desire for religious schools (MIN schools, under the authority of the Department of Education) to participate in the project. Not allowing them to participate would have been perceived locally as discrimination against the Islamic faith. To encourage broad participation and ensure that the project would not cause conflict or jealousies, SPD included all (7) MIN schools located in the project area.

**Events and Activities**

In July 2006 SPD obtained approval and support for this initiative from Department of Education and sub-district authorities in Bireuen, Aceh Utara, Kota Lhokseumawe and Aceh Timur. USAID clarified that MIN schools could participate in the project on 15 August 2006. With a firm list of participating schools, SPD began working with the schools to draft grant proposal components and began to prepare materials needed for project startup. Grant proposals were finalized and submitted for approval to USAID in October.

Grant funded activities started in November, with a five day personal empowerment training event for teachers from each school (95 total participants), held in Lhokseumawe. The training was very well received by the teachers, with many remarking that the lessons learned will be very useful in their daily work. Others stated that it was the most useful training they had been part of for many years, testimony to the isolation felt by those in this heavily conflict-affected area. Training left the teachers full of energy and optimism, ready to start work on other project activities. Unfortunately, in December, security deteriorated in the area causing SPD to halt all activities.

In January, after security improved and field work could recommence, SPD facilitators worked with teachers and Sub-District Facilitation Teams to conduct personal empowerment training for school parent-teacher committee members. Approximately 10 persons attended the training at each school (480 total participants). Following these training events, SPD helped each school to make preparations for and conduct personal empowerment training for 4th, 5th and 6th grade students. More than 4,300 students participated in these events, conducted in February 2007. In many cases, former combatants involved with ACEO programming and management, either as local facilitators or sub-district team members, delivered the three day training to the school children.



Students plant flowers to beautify school grounds, Children for Peace project.

In February and March, schools completed basic rehabilitation projects as planned. All construction activities were done in accordance with SPD minimum standards and quality-checked by SPD engineers. In addition, teachers assisted students as they planned extracurricular activities to be funded by SPD. Students allocated their funds to a broad range of activities, including dance and art competitions, vegetable and flower gardening, memory and calligraphy contests, and sports events.

## Project Funding

Total project grant funding was about $154,000, or $3,200 per school. SPD encouraged participants to contribute support to training and rehabilitation activities. In many cases, parents, teachers and students responded very positively, providing labor and cash to support and expand their activities—in some cases, local cash contributions matched funding provided by SPD.

## Impact and Outcomes

In May 2007 SPD conducted monitoring and assessment interviews and focus group discussions in ten schools that participated in the project. The objective of the assessment was to gauge the impact of the Children for Peace Project on relationships between school teachers and local communities, and on the leadership and motivational skills of teachers and students.

Teachers and school committee members stated that the project helped bring together teachers, students and community members and encouraged greater local ownership of the schools. Parents, teachers and community members helped implement project activities, working together to rehabilitate school infrastructure and improve school grounds. They raised funds for expenses beyond their project budgets. In this area, heavily affected by the GAM-GoI conflict, schools were seen as extensions of the national government and therefore not something owned or to be maintained by local communities (and were a common local asset burned and destroyed during the long-running conflict). Several representatives interviewed by SPD stated that through the Children for Peace project they have gained a sense of local ownership of their schools—a clear indication that the project has encouraged reconciliation with the government in these communities.

Teachers and students remarked that training events and extracurricular activities increased their skills and self-worth, giving them confidence to try new things and motivation to work harder in school. Teachers noted that students, since participating in the project, have been more energetic in maintaining school grounds, more focused in their studies, and eager to mentor their younger schoolmates. They also stated that some of the children are spending more time at the school, providing opportunity for the teachers to mentor the children after school hours. Teachers also said

that training encouraged them to be more creative in their classes, using tools for education beyond those in the formal classroom (e.g., making compost bins and using them to teach biology).

Most respondents remarked that the main constraints to this project were time and money. While the project had led to many positive results, more could have been achieved with more resources—more rehabilitation work at each school could have been undertaken, more training events conducted for teachers and students, and more sustained interaction facilitated between schools, nearby communities and local government agencies (e.g., Department of Education). Happy with the results of the project, and very grateful for the inputs, participants nonetheless felt there was potential to achieve even more if only they had more time and money.

# Appendices

1. Participating Schools
2. Map of Participating Schools
3. Personal Empowerment and Awareness (*Operacy*) Training Outline
4. Project Outputs
5. Student, Teacher, Classroom Data
6. Photos of Project Activities

**USAID SPD Children for Peace Project**
**Participating Schools (48 total)**

SD Negeri (Public) Schools = 41
MIN (Religious Schools) = 7

| # | Kecamatan | School | Village |
|---|-----------|--------|---------|
| 1 | Juli | MIN Cot Meurak | Juli Cot Mesjid |
| 2 | Juli | MIN 1 Juli | Juli Keudee Dua |
| 3 | Juli | SD Negeri 1 Juli | Juli Keudee Dua |
| 4 | Juli | SD Negeri 2 Juli | Krueng Simpo |
| 5 | Juli | SD Negeri 3 Juli | Pante Baro |
| 6 | Juli | SD 4 Juli Seupeng | Juli Seupeng |
| 7 | Juli | SD Negeri 5 Juli | Juli Mee Teungoh |
| 8 | Juli | SD Negeri 6 Juli | Bukit Mulia |
| 9 | Juli | SD Negeri 7 Juli | Juli Cot Mesjid |
| 10 | Juli | SD Negeri 8 Juli | Juli Meunasah Seutuy |
| 11 | Juli | SD Negeri 9 Juli | Simpang Jaya |
| 12 | Juli | SD Negeri 10 Juli | Abeuk Budi |
| 13 | Juli | SD Negeri 11 Juli | Batee Raya |
| 14 | Juli | SD Negeri 12 Juli | Krueng Simpo |
| 15 | Juli | SD Negeri 13 Juli | Paya Cut |
| 16 | Juli | SD Negeri 14 Juli | Teupin Manee |
| 17 | Juli | SD Negeri 15 Juli | Beunyot |
| 18 | Juli | SD Negeri 16 Juli | Beunyot |
| 19 | Juli | SD Negeri 17 Juli | Juli Paya Ru |
| 20 | Juli | SD Negeri 18 Juli | Blang Keutumba |
| 21 | Juli | SD Negeri 19 Juli | Suka Tani |
| 1 | Muara Satu | SD Negeri 8 Muara Dua | Padang Sakti |
| 2 | Muara Satu | MIN Meuria Paloh | Meuria |
| 3 | Muara Satu | SD Negeri 10 Muara Dua | Cot Trieng |
| 4 | Muara Satu | SD Negeri 19 Muara Dua | Blang Panyang |
| 1 | Sawang | MIN Sawang | Blang Teurakan |
| 2 | Sawang | SD Swasta 25 Sawang | Riseh Tunong |
| 3 | Sawang | SD Negeri 1 Sawang | Sawang |
| 4 | Sawang | SD Negeri 4 Sawang | Riseh Teungoh |
| 5 | Sawang | SD Negeri 9 Sawang | Kubu |
| 6 | Sawang | SD Negeri 11 Sawang | Riseh Tunong |
| 7 | Sawang | SD Negeri 14 Sawang | Sawang |
| 8 | Sawang | SD Negeri 16 Sawang | Gunci |
| 9 | Sawang | SD Negeri 19 Sawang | Sawang |
| 10 | Sawang | SD Negeri 23 Sawang | Gunci |
| 11 | Sawang | SD Negeri 24 Sawang | Riseh Tunong |
| 1 | Madat | SD Negeri 2 Tanjung Minjei | Seuneubok Pidie |
| 2 | Madat | SD Negeri 1 Bintah | Bintah |
| 3 | Madat | SD Negeri Matang Guru | Matang Guru |
| 4 | Madat | SD Negeri Lueng Sa | Lueng Satu |
| 5 | Madat | MIN Lueng Sa | Lueng Satu |
| 6 | Madat | SD Negeri 2 Bintah | Pante Bayam |
| 7 | Madat | SD Negeri Meunasah Asan | Meunasah Asan |
| 1 | Peureulak | SD Negeri Buket Pala | Paya Kaluy |
| 2 | Peureulak | MIN Paya Meuligo | Paya Meuligo |
| 3 | Peureulak | MIN Blang Simpo | Blang Simpo |
| 4 | Peureulak | SD Negeri Cek Mbon | Leubuk Pempeng |
| 5 | Peureulak | MIN Cek Mbon | Cek Mbon |

# USAID SPD ACEO Children for Peace Project
## Participating Schools (48)

**Kecamatan Juli (21)**

MIN Cot Meurak
MIN 1 Juli
SD Negeri 1 Juli
SD Negeri 2 Juli
SD Negeri 3 Juli
SD 4 Juli Seupeng
SD Negeri 5 Juli
SD Negeri 6 Juli
SD Negeri 7 Juli
SD Negeri 8 Juli
SD Negeri 9 Juli

SD Negeri 10 Juli
SD Negeri 11 Juli
SD Negeri 12 Juli
SD Negeri 13 Juli
SD Negeri 14 Juli
SD Negeri 15 Juli
SD Negeri 16 Juli
SD Negeri 17 Juli
SD Negeri 18 Juli
SD Negeri 19 Juli

**Kecamatan Sawang (11)**

MIN Sawang
SD Swasta 25 Sawang
SD Negeri 1 Sawang
SD Negeri 4 Sawang
SD Negeri 9 Sawang
SD Negeri 11 Sawang
SD Negeri 14 Sawang
SD Negeri 16 Sawang
SD Negeri 19 Sawang
SD Negeri 23 Sawang
SD Negeri 24 Sawang

**Kecamatan Muara Dua (4)**

SD Negeri 8 Muara Dua
MIN Meuria Paloh
SD Negeri 10 Muara Dua
SD Negeri 19 Muara Dua

**Kecamatan Madat (7)**

SD Negeri 2 Tanjung Minjei
SD Negeri 1 Bintah
SD Negeri Matang Guru
SD Negeri Lueng Sa
MIN Lueng Sa
SD Negeri 2 Bintah
SD Negeri Meunasah Asan

**Kecamatan Peureulak (5)**

SD Negeri Buket Pala
MIN Paya Meuligo
MIN Blang Simpo
SD Negeri Cek Mbon
MIN Cek Mbon

*Strait of Malacca*

*Aceh Timur*

*Kota Lhokseumawe*

*Aceh Utara*

*Bener Meriah*

*Bireuen*

N

## Legend

- Participating School
- Provincial Road
- National Road
- Kecamatan (Sub-District)
- Kabupaten (District)



FROM THE AMERICAN PEOPLE

0  5  10  20 Kilometers

7

**Personal Empowerment and Awareness (*Operacy*) Training Outline**

*Success through Personal Transformation and Leadership*

**Day 1.   Concept of Success and Development**
- Concepts of Success
- Personal Success and Leadership
- Understanding Human Potential
- Understanding Human Limitations
- Mechanism of the Mind
- Power of the Subconscious Mind

**Day 2.    Universal Laws of Success**
- Stages of Human Development
- Systems Thinking and Success
- Self-Regulation
- The Laws of Universal Governance
- Habit, Success and Failure
- Destiny is a Choice

**Day 3.   OPERACY - Personal Empowerment**
- How People Fail
- 10 Characteristics of Non-Achievers
- Success and Human Motivation
- 6 Limiting Fears
- Envy and Jealousy
- Self-Efficacy and Self-Esteem
- Learned Helplessness

**Day 4.    Personal Empowerment**
- How People Succeed
- 10 Characteristics of High Achievers
- Emotional Intelligence
- Win-Win Paradigm
- Improving Self-Image
- Taking Personal Responsibility

**Day 5.   From Failure to Success**
- From Failure to Success
- Breaking the Failure Cycle
- Developing Success Habits
- Developing and Managing Destiny
- Mentoring and Networking
- Maintaining Success

**USAID SPD Children for Peace Initiative: Participating Elementary Schools**
**Extracurricular Activities**

**Total Schools = 48**

| District | School | Village | Activity | Extracurricular | Student Population | | | Teachers |
|---|---|---|---|---|---|---|---|---|
| | | | | | Male | Female | Total | |
| Bireuen | SDN 1 Juli | Keude Dua | [1] Volleyball court rehabilitation; and<br>[2] Toilet rehabilitation (2 units). | Vegetable Garden | 108 | 107 | 215 | 19 |
| Bireuen | SDN 7 Juli | Cot Mesjid | [1] Musical instruments and uniforms provision; and<br>[2] Furniture (tables, chairs, shelves). | Fish Pond | 160 | 120 | 280 | 18 |
| Bireuen | SDN 8 Juli | Setuy | [1] Volleyball court rehabilitation;<br>[2] Toilet rehabilitation (2 units); and<br>[3] Furniture (shelves). | Schoolyard | 60 | 48 | 108 | 19 |
| Bireuen | SDN 17 | Paya Ru | [1] Volleyball court rehabilitation; and<br>[2] Toilet rehabilitation (2 units). | Vegetable Garden | 68 | 65 | 133 | 11 |
| Bireuen | MIN Cot Meurak | Cot Mesjid | [1] Badminton court rehabilitation;<br>[2] Protective wall construction (100m); and<br>[3] Furniture (tables, chairs, shelves). | Schoolyard | 81 | 55 | 136 | 18 |
| Bireuen | MIN Juli | Keude Dua | [1] Badminton court rehabilitation;<br>[2] Protective wall construction (100m); and<br>[3] Furniture (tables, chairs, shelves). | Schoolyard | 140 | 139 | 279 | 22 |
| Bireuen | SDN 3 | Pante Baro | [1] Fence rehabilitation (80m); and<br>[2] Library rehabilitation. | Vegetable Garden | 68 | 60 | 128 | 17 |
| Bireuen | SDN 10 | Abeuk Budi | [1] Volleyball court rehabilitation;<br>[2] Toilet rehabilitation (3 units); and<br>[3] Furniture (tables, chairs). | Vegetable Garden | 75 | 91 | 166 | 17 |
| Bireuen | SDN 18 | Blang Ketumba | [1] Fence rehabilitation; and<br>[2] Furniture (tables, chairs). | Vegetable and Corn Garden | 89 | 70 | 159 | 13 |
| Bireuen | SDN 5 Juli | Mee Teungoh | [1] Fence construction (117m). | Traditional Dance Training | 153 | 128 | 281 | 21 |
| Bireuen | SDN 4 Juli Seupeng | Seupeng | [1] Fence rehabilitation (60m); and<br>[2] Toilet rehabilitation. | Vegetable and Flower Garden | 84 | 82 | 166 | 15 |
| Bireuen | SDN 11 Juli | Battee Raya | [1] Fence rehabilitation (130m); and<br>[2] Furniture (shelves). | Flower Garden | 107 | 81 | 188 | 14 |
| Bireuen | SDN 15 Juli | Bunyot | [1] Toilet rehabilitation; and<br>[2] Furniture (tables, chairs, writing boards). | Flower Garden | 129 | 100 | 229 | 10 |
| Bireuen | SDN 16 Juli | Bunyot | [1] Fence rehabilitation (100m);<br>[2] Basketball court rehabilitation; and<br>[3] Furniture (tables, chairs, shelves). | Schoolyard | 163 | 167 | 330 | 19 |
| Bireuen | SDN 13 Juli | Paya Cut | [1] Library construction;<br>[2] Volleyball court construction; and<br>[3] Furniture (tables, chairs, shelves). | Vegetable Garden | 78 | 78 | 156 | 14 |
| Bireuen | SDN 14 Juli | Teupin Mane | [1] Fence rehabilitation (98m);<br>[2] Toilet rehabilitation;<br>[3] Sports equipment provision;<br>[4] Electricity installation; and<br>[5] Furniture (tables, shelves, writing boards). | Flower Garden | 38 | 29 | 67 | 14 |

**USAID SPD Children for Peace Initiative: Participating Elementary Schools**
**Extracurricular Activities**

**Total Schools = 48**

| District | School | Village | Activity | Extracurricular | Male | Female | Total | Teachers |
|---|---|---|---|---|---|---|---|---|
| | | | | | | **Student Population** | | |
| | | | | | Male | Female | Total | |
| Bireuen | SDN 6 Juli | Teupin Mane | [1] Footpath and bridge construction (25m);<br>[2] Bicycle parking place construction; and<br>[3] Volleyball court construction. | Flower Garden | 53 | 62 | 115 | 13 |
| Bireuen | SDN 2 Juli | Krung Simpo | [1] Fence rehabilitation (26m);<br>[2] Drainage system rehabilitation; and<br>[3] Furniture (tables, chairs). | Vegetable and Flower Garden | 123 | 105 | 228 | 10 |
| Bireuen | SDN 19 Juli | Sukatani | [1] Fence rehabilitation (78m); and<br>[2] Furniture (tables, shelves, filing cabinets). | Schoolyard and Vegetable Garden | 45 | 50 | 95 | 9 |
| Bireuen | SDN 9 Juli | Simpang Jaya | [1] Toilet rehabilitation (2 units); and<br>[2] Furniture (tables, chairs, shelves). | School Greening | 94 | 87 | 181 | 14 |
| Bireuen | SDN 12 Juli | Krung Simpo (Bivak) | [1] Ventilation system rehabilitation (48m); and<br>[2] Furniture (tables, chairs, shelves, typewriter). | School Greening | 25 | 30 | 55 | 7 |
| Kota Lhokseumawe | MIN Meuria Paloh | Meuria Paloh | [1] Toilet rehabilitation. | Modern dance competition | 196 | 236 | 432 | 27 |
| Kota Lhokseumawe | SDN 19 Muara Dua | Blang Panyang | [1] Toilet construction; and<br>[2] School building painting. | Soccer and kasti competition | 109 | 104 | 213 | 14 |
| Kota Lhokseumawe | SDN 10 Muara Dua | Cot Trieng | [1] Toilet construction; and<br>[2] School building painting. | Vegetable garden | 131 | 119 | 250 | 13 |
| Kota Lhokseumawe | SDN 8 Muara Dua | Padang Sakti | [1] Multi-purpose building rehabilitation. | Soccer and kasti competition | 205 | 187 | 392 | 26 |
| Aceh Utara | MIN Sawang | Blang Teurakan | [1] School fence construction. | Art competition | 126 | 103 | 229 | 20 |
| Aceh Utara | SD Swasta 25 Sawang | Riseh Tunong | [1] Volleyball court rehabilitation;<br>[2] Table tennis equipment provision; and<br>[3] Schoolyard rehabilitation. | Art competition | 43 | 40 | 83 | 9 |
| Aceh Utara | SDN 1 Sawang | Sawang | [1] Volleyball court construction;<br>[2] Schoolyard rehabilitation; and<br>[3] School sign installation. | Art competition | 118 | 128 | 246 | 15 |
| Aceh Utara | SDN 4 Sawang | Riseh Teungoh | [1] School building and fence painting; and<br>[2] Furniture for classrooms, office and library. | Art competition | 132 | 114 | 246 | 9 |
| Aceh Utara | SDN 9 Sawang | Kubu | [1] Toilet construction; and<br>[2] Furniture for school office. | Art competition | 79 | 58 | 137 | 11 |
| Aceh Utara | SDN 11 Sawang | Riseh Tunong | [1] Schoolyard paving;<br>[2] Badminton court construction; and<br>[2] Furniture. | Art competition | 66 | 71 | 137 | 10 |
| Aceh Utara | SDN 14 Sawang | Riseh Baroh | [1] Volleyball court construction;<br>[2] Water well rehabilitation; and<br>[3] School sign installation. | Art competition | 111 | 115 | 226 | 7 |
| Aceh Utara | SDN 16 Sawang | Gunci | [1] Volleyball and badminton court rehabilitation;<br>[2] Water well rehabilitation;<br>[3] Toilet rehabilitation; and<br>[4] Schoolyard rehabilitation. | Art competition | 95 | 88 | 183 | 14 |

**USAID SPD Children for Peace Initiative: Participating Elementary Schools**
**Extracurricular Activities**

Total Schools = 48

| District | School | Village | Activity | Extracurricular | Student Population | | | Teachers |
|---|---|---|---|---|---|---|---|---|
| | | | | | Male | Female | Total | |
| Aceh Utara | SDN 19 Sawang | Sawang | [1] Water pump installation; [2] Schoolyard rehabilitation; and [3] School sign installation. | Art competition | 89 | 79 | 168 | 10 |
| Aceh Utara | SDN 23 Sawang | Gunci | [1] Toilet construction. | Art competition | 78 | 68 | 146 | 10 |
| Aceh Utara | SDN 24 Sawang | Riseh Tunong | [1] Volleyball court rehabilitation; [2] Table tennis equipment provision; and [3] Classroom dividers (walls) construction. | Art competition | 54 | 60 | 114 | 11 |
| Aceh Timur | SDN 2 Tanjung Minjei | Seuneubok Pidie | [1] Volleyball court construction. | Schoolyard | 77 | 65 | 142 | 12 |
| Aceh Timur | SDN 1 Bintah | Bintah | [1] Toilet rehabilitation; [2] Trash container construction; and [3] Volleyball court construction. | Aerobic, running, soccer, male traditional dance and essay writing competitions | 211 | 209 | 420 | 27 |
| Aceh Timur | SDN Matang Guru | Matang Guru | [1] Toilet construction; and [2] School terrace construction. | Schoolyard | 153 | 135 | 288 | 13 |
| Aceh Timur | SDN Leung Satu | Leung Satu | [1] Toilet and wash station construction. | Quiz and declamation competitions | 157 | 140 | 297 | 13 |
| Aceh Timur | MIN Leung Sa | Leung Satu | [1] Fence construction; and [2] Furniture (desks, chairs). | [1] Soccer, declamation, poetry and Koranic recitation competitions; and [2] Flower garden. | 170 | 147 | 317 | 17 |
| Aceh Timur | SDN 2 Bintah | Pante Bayam | [1] Toilet and wash station construction; and [2] Furniture (desks, chairs). | Call to prayer, Koranic recitation, declamation, poetry and | 73 | 58 | 131 | 12 |
| Aceh Timur | SDN Meunasah Asan | Meunasah Asan. | [1] Ceiling and door rehabilitation; [2] School fence rehabilitation; [3] Schoolyard rehabilitation; and [4] Furniture (desks, chairs). | Quiz and soccer competitions | 71 | 86 | 157 | 15 |
| Aceh Timur | SDN Buket Pala | Paya Kaluy | [1] Toilet rehabilitation; [2] Fence construction; and [3] Schoolyard rehabilitation. | Call to prayer and Koranic recitation competitions | 112 | 94 | 206 | 9 |
| Aceh Timur | MIN Paya Meuligo | Paya Meuligo | [1] Toilet rehabilitation; [2] Fence construction; and [3] Schoolyard rehabilitation. | Quiz, running, poetry reading, Koranic recitation, calligraphy, call to prayer and soccer competitions | 77 | 60 | 137 | 16 |
| Aceh Timur | MIN Blang Simpo | Blang Simpo | [1] Floor and ceiling rehabilitation; [2] Toilet rehabilitation; and [3] Schoolyard rehabilitation. | Calligraphy, call to prayer, Koranic recitation, poetry, badminton and aerobics competitions | 68 | 60 | 128 | 11 |
| Aceh Timur | SDN Cek Mbon | Leubek Pempeng | [1] Toilet rehabilitation; [2] Water well rehabilitation; and [3] Schoolyard rehabilitation. | School greening | 87 | 72 | 159 | 8 |
| Aceh Timur | MIN Cek Mbon | Cek Mbon | [1] Toilet rehabilitation; and [2] Fence construction. | School greening | 75 | 56 | 131 | 11 |
| | | | | Totals = | 4904 | 4506 | 9410 | 684 |

11

# USAID SPD Children For Peace Project
## Participating School Data

| | | Total Schools | Grade 1 Male | Grade 1 Female | Grade 1 Total | Grade 2 Male | Grade 2 Female | Grade 2 Total | Grade 3 Male | Grade 3 Female | Grade 3 Total | Grade 4 Male | Grade 4 Female | Grade 4 Total | Grade 5 Male | Grade 5 Female | Grade 5 Total | Grade 6 Male | Grade 6 Female | Grade 6 Total | Total Male | Total Female | Total Total | Teachers Total | Teachers Student/Teacher | Classrooms Used Total | Classrooms Used Student/Room |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| All Schools | | 48 | 1,041 | 919 | 1,960 | 816 | 750 | 1,566 | 827 | 746 | 1,573 | 745 | 677 | 1,422 | 767 | 760 | 1,527 | 708 | 654 | 1,362 | 4,904 | 4,506 | 9,410 | 684 | 14 | 307 | 31 |
| | avg | | 22 | 19 | 41 | 17 | 16 | 33 | 17 | 16 | 33 | 16 | 14 | 30 | 16 | 16 | 32 | 15 | 14 | 28 | 102 | 94 | 196 | 14 | 14 | 6 | 31 |
| | min | | 4 | 5 | | 3 | 3 | | 4 | 4 | | 4 | 3 | | 2 | 4 | | 0 | 0 | | 25 | 29 | | 7 | 5 | 3 | 9 |
| | max | | 45 | 55 | | 41 | 42 | | 37 | 41 | | 33 | 31 | | 39 | 48 | | 34 | 36 | | 211 | 236 | | 27 | 32 | 12 | 110 |
| | % of class | | 53% | 47% | | 52% | 48% | | 53% | 47% | | 52% | 48% | | 50% | 50% | | 52% | 48% | | 52% | 48% | | | | | |
| Aceh Timur | | 12 | 266 | 226 | 492 | 230 | 215 | 445 | 225 | 195 | 420 | 208 | 169 | 377 | 206 | 219 | 425 | 196 | 158 | 354 | 1,331 | 1,182 | 2,513 | 164 | 15 | 74 | 34 |
| | avg | | 22 | 19 | 41 | 19 | 18 | 37 | 19 | 16 | 35 | 17 | 14 | 31 | 17 | 18 | 35 | 16 | 13 | 30 | 111 | 99 | 209 | 14 | 16 | 6 | 33 |
| | min | | 12 | 9 | | 9 | 12 | | 6 | 7 | | 9 | 5 | | 10 | 6 | | 6 | 4 | | 68 | 56 | | 8 | 9 | 5 | 21 |
| | max | | 45 | 39 | | 41 | 33 | | 32 | 39 | | 32 | 24 | | 34 | 48 | | 34 | 27 | | 211 | 209 | | 27 | 23 | 7 | 60 |
| | % of class | | 54% | 46% | | 52% | 48% | | 54% | 46% | | 55% | 45% | | 48% | 52% | | 55% | 45% | | 53% | 47% | | | | | |
| Aceh Utara & Lhokseumawe | | 15 | 341 | 337 | 678 | 267 | 252 | 519 | 286 | 280 | 566 | 269 | 235 | 504 | 242 | 242 | 484 | 227 | 224 | 451 | 1,632 | 1,570 | 3,202 | 206 | 16 | 99 | 32 |
| | avg | | 23 | 22 | 45 | 18 | 17 | 35 | 19 | 19 | 38 | 18 | 16 | 34 | 16 | 16 | 32 | 15 | 15 | 30 | 109 | 105 | 213 | 14 | 16 | 7 | 32 |
| | min | | 5 | 9 | | 5 | 6 | | 10 | 9 | | 6 | 6 | | 6 | 4 | | 0 | 0 | | 43 | 40 | | 7 | 9 | 3 | 19 |
| | max | | 44 | 55 | | 38 | 42 | | 37 | 41 | | 33 | 31 | | 33 | 31 | | 34 | 36 | | 205 | 236 | | 27 | 32 | 12 | 46 |
| | % of class | | 50% | 50% | | 51% | 49% | | 51% | 49% | | 53% | 47% | | 50% | 50% | | 50% | 50% | | 51% | 49% | | | | | |
| Bireuen | | 21 | 434 | 356 | 790 | 319 | 283 | 602 | 316 | 271 | 587 | 268 | 273 | 541 | 319 | 299 | 618 | 285 | 272 | 557 | 1,941 | 1,754 | 3,695 | 314 | 12 | 134 | 28 |
| | avg | | 21 | 17 | 53 | 15 | 13 | 40 | 15 | 13 | 39 | 13 | 13 | 36 | 15 | 14 | 41 | 14 | 13 | 37 | 92 | 84 | 246 | 15 | 12 | 6 | 30 |
| | min | | 4 | 5 | | 3 | 3 | | 4 | 4 | | 4 | 3 | | 2 | 5 | | 3 | 2 | | 25 | 29 | | 7 | 5 | 3 | 9 |
| | max | | 39 | 31 | | 29 | 33 | | 33 | 29 | | 27 | 27 | | 39 | 28 | | 25 | 30 | | 163 | 167 | | 22 | 23 | 11 | 110 |
| | % of class | | 55% | 45% | | 53% | 47% | | 54% | 46% | | 50% | 50% | | 52% | 48% | | 51% | 49% | | 53% | 47% | | | | | |

12

Teachers, school committees and students received personal empowerment training as a precursor to developing school infrastructure improvement and extracurricular activities plans.



More than 4,300 4th, 5th and 6th grade students from the 48 Children for Peace schools received personal empowerment training, oftentimes facilitated by former combatants living in their community.

Teachers and students found that the training increased life skills and self-worth, engendering confidence to try new things and work hard.


Students planned various extracurricular activities after the training, including traditional dance competitions.

Herb and flowers gardens, referred to as *living apothecaries*, were a favorite
extracurricular activity chosen by the students.



Students and teachers alike were involved in all activities.

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Support for Peaceful Democratization Program

**ACEH COMMUNITY-BASED RECOVERY INITIATIVE**

*In Cooperation With*
**ConocoPhillips Indonesia**

**Final Report**
**February 2007**

# Support for Peaceful Democratization (SPD)

# Aceh Community-Based Recovery Initiative

# In cooperation with ConocoPhillips Indonesia

# Final Report

# February 2007

USAID Contract No. DOT-I-03-800-00004-00
Task Order No. 800, Under the SWIFT II IQC
USAID Contractor: Development Alternatives, Inc. (DAI)

**Development Alternatives, Inc. (DAI)**
**Support for Peaceful Democratization in Indonesia (SPD)**

**Aceh Community-Based Recovery Initiative**

**In cooperation with ConocoPhillips Indonesia**

**Final Report**
**February 2007**

## Contents

# USAID Support for Peaceful Democratization (SPD) Program
## Aceh Community-Based Recovery Initiative

### In Cooperation with
### ConocoPhillips Indonesia

Saney, Utamong, Kuala, Teumareum, and Bahagia were amongst the communities that took the brunt of and were largely de-populated by the December 2004 tsunami. To make matters worse, relief efforts were slow to reach the area due to its remote location and compromised transportation networks. With local government infrastructure all but destroyed and officials searching for loved ones, villagers held little hope that significant assistance would reach them quickly. Consequently, residents fled to larger towns like Banda Aceh to find relief supplies and information about government plans to assist.

Surviving residents, initially reluctant to return, were hastened to do so with the early intervention of the USAID Community-Based Recovery (CBR) Initiative. Hope for quick recovery increased dramatically when ConocoPhillips support was secured in September 2005. Early cash-for-work cleanup activities drew people back to their villages, helping to stabilize the situation there. Despite the loss of many village leaders and elders, new leaders rose to the occasion and worked with survivors to formulate recovery plans for their communities.

USAID and ConocoPhillips have worked in partnership with these communities to support first steps to rebuilding lives and recovering local livelihoods. Initial engagement with the five villages included short-term employment activities through cash-for-work programs that put much needed cash into the hands of hard-hit families. Important achievements during this first phase include:



Villagers in Teumareum clear debris from a rice field in preparation for planting

- 1,156 workers (29% women) employed for over 30,000 person-days of labor. Total cash payouts (wages) to workers was over $133,000;
- 5 community centers constructed;
- 280 hectares of agriculture land and 7 kilometers of irrigation canals cleaned;
- Over 20 kilometers of fencing erected; and
- More than 5,600 seedlings planted.

The tsunami destroyed most—and in many cases all—community and family assets, including existing leadership structures. Management of the recovery process, particularly of the large amount of donor funding pouring into most affected communities, required very strong leadership to minimize potential tension and jealousy. Strong leadership and good governance at the village level—a cornerstone of CBR's approach—helped ensure that funds were used efficiently, transparently and in an accountable manner.

**Governance of Village Resources for Development**
Recognizing the need to strengthen governance of village resources, CBR worked with local leaders to develop village-led CSOs (civil society organizations) and to provide leadership and governance training to key community leaders, including women and youth. Instruction was provided on CSO

formation and organization tasks and methods, and personal empowerment and leadership issues. Establishing legally recognized CSOs enabled communities to attract local and international donor funding directly, allowing them to manage their own project funding rather than relying on other NGOs or donors to do so. CBR worked closely with new CSO managers to organize and strengthen their newly formed organizations by providing managers with training in bookkeeping, financial planning, and organizational management. Training events also prepared village organizations to administer community-managed loan funds (i.e. revolving funds) that would support economic development activities planned for 2006-2007. Finally, as a necessary complement to participatory village development planning, CBR provided training on methods and approaches to writing successful project proposals for submission to government and donor organizations.

> Only USAID and ConocoPhillips saw Bahagia as a village when others, including local government, did not. If it was not for USAID and ConocoPhillips the situation in the village would be far worse today.
>
> *Jasmin, Bahagia Village Chief*

In February 2006, CSO leaders and community members took part in specialized three-day leadership training sessions ("Operacy" training) that focused on personal empowerment and essential leadership qualities. Approximately 30 men and women from each community participated in these events, which aimed to promote and nurture an attitude toward and acceptance of individual responsibility that is conducive to effective participatory planning. Participatory community planning exercises followed these training courses, leading to the formulation of community mission and vision statements for local development.

**Community Action Plans**
After completing initial training activities CBR assisted community leaders and other representatives to prepare five-year Community Development Plans, of which Community Action Plans for 2006-2007 formed the basis. Recognizing that no single donor can provide funding for all the diverse short- and long-term needs in each community, CBR worked with community leaders to understand the resource requirements of various components of the Action Plans, and to develop strategies to address them (e.g., the use of revolving loans, micro-credit, and direct grants from various donors). It is important to note that the Community Action Plans were not simply a prerequisite for receiving USAID and ConocoPhillips funds. Rather, they represented the needs and priorities of these communities—needs and priorities that might be supported by the Government of Indonesia, USAID, other bi- and multilateral donors, local and international NGOs, and the communities themselves.

The Action Plans revealed the needs and aspirations of these communities as defined by the communities themselves. As work plans were finalized and gaps in funding became apparent, village leaders prepared proposals for submission to USAID which addressed critical needs, such as: village infrastructure, including a village office in each village to coordinate present and future development initiatives; recovery of local industry—particularly rice production; and capacity of community members to take advantage of newly emerging economic opportunities. Given the general lack of other donor programming, ConocoPhillips funding was particularly helpful, supporting a range of activities in each village:



Participatory community planning

**Bahagia:** Water storage facilities were procured to improve village health infrastructure; and a volleyball court and playground were built to meet priority needs identified by youth in the village. Income generation activities were

initiated, including the construction and equipping of a carpentry workshop and village women's activities center (for managing women-led small enterprise initiatives); and sewing, embroidery, cake-making and handicraft trainings were conducted. Computer skills trainings were conducted to increase capacity and capability to take advantage of emerging economic opportunities.

**Kuala:** A small bridge was repaired, water storage facilities procured to improve village health infrastructure, and a volleyball court and playground were built to meet priority needs identified by youth in the village. Income generation activities were initiated including the construction and equipping of a boatyard (including attached workshop) and village women's activities center (for managing women-led small enterprise initiatives); and sewing, embroidery, cake-making and handicraft trainings were conducted. Computer skills trainings were conducted to increase capacity and capability to take advantage of emerging economic opportunities.


Embroidery training—a livelihoods improvement activity selected and organized by the

**Saney:** Water storage facilities were procured to improve village health infrastructure; and a volleyball court was built to meet a priority identified by youth in the village. Income generation activities were initiated including construction of a community center, scuba diving certification courses for fishermen, and procurement of equipment to the village women's group to manage small enterprise initiatives. Computer skills trainings were conducted to increase capacity and capability to take advantage of emerging economic opportunities.

**Teumareum:** A kindergarten was built to meet educational infrastructure needs, water storage facilities were procured to improve village health infrastructure, and a soccer field was leveled and equipped to meet priority needs identified by youth in the village. Income generation activities were initiated including the construction of three boat landing berths for fishermen, and sewing, embroidery, cake-making and handicraft trainings. Computer skills trainings were conducted to increase capacity and capability to take advantage of emerging economic opportunities.

**Utamong:** Water storage facilities were procured to improve village health infrastructure; and a volleyball court was built to meet a priority identified by youth in the village. Income generation activities were initiated, including provision of equipment to the village women's group to manage small enterprise initiatives and scuba diving

certification courses for fishermen. Computer skills trainings were conducted to increase capacity and capability to take advantage of emerging economic opportunities.

**Local Development Planning**

Comprehensive planning for village recovery is a critical activity for participating villages because it provides a long-term framework for their recovery and encourages teamwork in managing local resources with a goal of local development. Village planning began with the preparation of simple five-year development vision and mission statements, followed by the formulation of sector plans by technical groups. Community leaders summarized sector plans as elements of Community Action Plans for 2006-2007.



Lobster cages under construction

Ensuring that local planning efforts feed into provincial and national planning frameworks is an important challenge. Done in isolation, the Community Action Plans have little lasting impact. CBR will work with participating villages in mid-2007 to update and re-formulate their plans for presentation to local authorities. CBR will work with community leaders to seek assistance and cooperation of local and provincial government offices to ensure that planning efforts are integrated with provincial and national planning processes.

**Maintaining Village Infrastructure Inputs**

As construction activities were completed CBR worked with communities and local government to ensure proper transfer of ownership of assets to villages and government agencies, as appropriate. Transfers are formally complete when the recipient signs an Asset Transfer Letter, acknowledging receipt of the asset and acceptance of responsibilities for its use and maintenance. Recipient communities have some but not all of the skills required to manage and maintain community assets. As a result, CBR will work with community leaders in the first half of 2007 to build local capacity to manage and maintain community assets. Training events will cover topics associated with the maintenance of village assets, administration and replacement costs associated with operation of public infrastructure, and management of community enterprises.

The village CSOs that ConocoPhillips helped establish, and the capacity building and leadership training that it helped to provide, has made it possible for the people of Saney, Utamong, Kuala, Teumareum, and Bahagia to take more control over their future. Village CSOs, more efficient in management and effective in leadership, were instrumental in facilitating the community action plan process wherein representatives from all demographic groups and livelihoods sectors took part in envisioning a more prosperous future and framing a roadmap to peaceful development. Small village infrastructure has been rehabilitated or reconstructed, livelihoods have improved and community members have been provided skills to access emerging economic opportunities.

**USAID-ConocoPhillips CBR Initiative: Financial and Output Summary**

| | SANEY | UTAMONG | TEUMAREUM | KUALA | BAHAGIA | TOTAL |
|---|---|---|---|---|---|---|
| **Village Population** | | | | | | |
| Families | 62 | 68 | 296 | 133 | 160 | **719** |
| Female | 73 | 88 | 475 | 155 | 109 | **900** |
| Male | 90 | 83 | 497 | 227 | 238 | **1135** |
| Total | 163 | 171 | 972 | 382 | 347 | **2035** |
| **ConocoPhillips Funding (disbursements as of 31 January 2007)** | | | | | | |
| Total | $213,293 | $174,373 | $311,698 | $253,392 | $239,487 | **$1,192,243** |
| Average per family | $3,440 | $2,564 | $1,053 | $1,905 | $1,497 | **$1,658** |
| **Short-Term Employment Generation** | | | | | | |
| **Workers Employed** | | | | | | |
| Female | 30 | 36 | 123 | 117 | 30 | **336** |
| Male | 70 | 84 | 303 | 293 | 70 | **820** |
| Total | 100 | 120 | 426 | 410 | 100 | **1,156** |
| **Person-Days of Labor** | | | | | | |
| Female | 1,236 | 1,236 | 2,910 | 2,766 | 1,426 | **9,574** |
| Male | 2,884 | 2,884 | 5,700 | 5,650 | 3,326 | **20,444** |
| Total | 4,120 | 4,120 | 8,610 | 8,416 | 4,752 | **30,018** |
| **Infrastructure Rehabilitation & Construction** | | | | | | |
| Irrigation Canal Cleaning (meters) | 1,000 | 1,000 | 2,500 | 1,500 | 1,000 | **7,000** |
| Community Center | 3 | 2 | 6 | 4 | 4 | **19** |
| Village Office | 1 | 1 | 1 | 1 | 1 | **5** |
| Water and Sanitation Facility | 1 | 1 | 1 | 1 | 2 | **6** |
| Recreation Facility | 1 | 1 | 1 | 2 | 2 | **7** |
| Education Facility | | | 1 | | | **1** |
| Bridge Rehabilitation | | | | 1 | | **1** |
| **Land Cleaning & Rehabilitation** | | | | | | |
| Total Area (ha) | 18 | 25 | 120 | 56 | 61 | **280** |
| Fencing (meters) | 1,000 | 1,700 | 6,500 | 3,000 | 8,000 | **20,200** |
| Seedlings | 1,064 | 1,000 | 1,533 | 1,057 | 1,022 | **5,676** |
| **SME** | | | | | | |
| Micro Enterprise (employ <25 persons) | 3 | 1 | | 2 | 2 | **8** |
| **Capacity Building** | | | | | | |
| **Personal Empowerment and Leadership** | | | | | | |
| Men | 21 | 19 | 21 | 22 | 25 | **108** |
| Women | 9 | 11 | 9 | 7 | 5 | **41** |
| Total | 30 | 30 | 30 | 29 | 30 | **149** |
| **CSO Management** | | | | | | |
| Men | 3 | 3 | 2 | 3 | 3 | **14** |
| Women | 0 | 0 | 1 | 0 | 0 | **1** |
| Total | 3 | 3 | 3 | 3 | 3 | **15** |
| **Vocational Training (events)** | | | | | | |
| Computer Skills | 1 | 1 | 1 | 1 | 1 | **5** |
| Sewing/Embroidery, Baking, Handicrafts | | | 3 | 3 | 3 | **9** |
| Scuba Diving (for fishermen) | 1 | 1 | | | | **2** |

# SUCCESS STORY
# Bahagia—On the Road to Recovery

**Prior to the 2004 earthquake and tsunami, 28 years old Jasmin did not plans to live in the village of his birth and become the village chief.**



Nur Azmina Wahdiyani

*"At first [my election as village chief seemed] unreal, but now it is. Who would ever have thought that things would turn out like this?"*

*Jasmin, Bahagia Village Chief*

Jasmin was working in another province when he received news of the earthquake and tsunami that devastated coastal regions of Aceh. He took leave from his work and rushed back to his home village, Bahagia, where his family and friends lived. Unable to find any of his loved ones, Jasmin returned to work; but haunting dreams, dreams of people calling after him at night, soon prompted him to return home for good.

Upon his return Jasmin found, according to him, a village that did not need a chief. *There was nothing to manage, no community to lead—infrastructure and lives had been destroyed.*

The status of Bahagia as a village was indeed unclear. Prior to the tsunami, it was large and in the process of being split into two villages. The disaster made village administration even more uncertain. This situation seriously compromised aid disbursement to many families living in the area. According to Jasmin, only USAID and ConocoPhillips saw Bahagia as a village when others, including local government, did not. *If it was not for USAID and ConocoPhillips the situation in the village would be far worse today.*

As immediate needs were met, USAID and ConocoPhillips helped establish a legal village-led association in Bahagia that could receive and coordinate development assistance. Working with USAID and ConocoPhillips, the association has worked with community groups to rehabilitate rice fields, rebuild small infrastructure and improve economic opportunity through vocational training. According to Jasmin, it is clear that support provided by USAID and ConocoPhillips addressed directly the needs and the hopes of community members.

Jasmin wants to get married and start a family. For his village, his people, he wants only a return to prosperity and happiness. The village association that USAID helped establish is making it possible for the people of Bahagia to take more control over their future. Nearby villages, as well as district and sub-district officials, have seen the transformation in Bahagia and recognize it as a village once more.

6 March 2007

# FIRST PERSON
# True Leaders and Role Models



With teardrops on her cheeks and rays of light flashing in her eyes, Mak Tie recalls the life that was and the life that is.



Cut Jumiati recovers her role as an important and respected member of the community.

Step foot into Kuala and you will encounter a confluence of rivers and streams emptying into the sea. You will also find a confluence of very active women working to empower other women in the community. Mak Tie is one of these women, and is a leader of the local women's group that is responsible for conducting traditional events in the village and for managing several small enterprise initiatives (e.g., renting equipment for weddings). Equipped with only elementary school education, Mak Tie proves that success is a state of mind, a decision that one makes for oneself.

Married at 15, Mak Tie had a full family of five children before the tsunami took three away. In a cruel twist of fate, her eldest child was to be married on the 24th of December, 2004, a would-be happy day that vanished in moments. But Mak Tie is a strong woman and has been working to make her life an example of what is good in the world. She has been instrumental in reviving the women's group and has been successful in helping other women along the way. To Mak Tie success is attaining a goal through true desire and hard work. By this, or any other measure, she has been successful indeed.

Cut Jumiati works with Mak Tie to support women's activities in Kuala. She also overcame great tragedy to play a positive role in others lives. Prior to the tsunami, which took her husband and one child, Cut was the head of the women's group that Mak Tie now oversees. During the emergency and recovery phases of the disaster, Cut washed clothes in order to make ends meet and provide for her remaining children. Her children, however, were not willing to have their mother "break her bones" for their sake. So Cut lightened her physical workload and began to dedicate more time to the women's group. She has regained her status as a respected leader and community member who takes part in village council meetings to discuss issues of development planning, and health, education and environmental issues.

*6 March 2007*

**Support for Peaceful**
**Democratization in**
**Indonesia  (SPD)**

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**USAID SPD Community-Based Initiatives**
**Monitoring and Assessing Progress and Impact**

*This Version: September 2006*

Monitoring and assessing progress are important components of any project management system. Frequent monitoring helps ensure that program resources are delivered to and used by intended groups. SPD recognizes the importance of monitoring activities and assessing their results, particularly in disaster recovery and post-conflict reconstruction and reconciliation initiatives, and has designed and put into operation a comprehensive system to measure progress and impact.

The monitoring and assessment (M&A) system helps SPD answer not only questions regarding who is receiving and how they are using program resources, but, more important, whether program activities facilitate intended impact in stakeholder communities. It integrates quantitative and qualitative data, thereby facilitating a broad analysis of progress and enriching our understanding of the impact of SPD actions.

The foundation of the M&A system is the program framework, and the expression of objectives, outputs and activities contained in it. The framework defines what SPD plans to achieve and includes indicators for measuring progress. SPD periodically reviews its indicators to ensure they remain appropriate, measurable, and efficient.

Two general types of indicators are used to measure progress. The first type is <u>output indicators</u>. These tend to be quantitative and provide information regarding, for example, numbers of beneficiaries, infrastructure constructed and jobs created. SPD staff members regularly collect these data throughout the implementation of grant-funded activities. Data sources include grant agreements, finance and final reports, interviews with community representatives, and field visits.

The second indicator type is <u>impact indicators</u>. These are mostly qualitative and help SPD assess the impact of our activities and progress toward achievement of overall program objectives. Examples of these indicators include stakeholder perception of changes in well-being, and community perception of the capabilities of their leaders. Collection and analysis of such information provides rich insight into program results, highlights emerging opportunities, and helps SPD maintain focus on achieving desired impacts. It also facilitates investigation with various stakeholders of underlying assumptions and program strategies.

SPD collects information on impact indicators on a regular basis during program implementation. Sources of information include focus group discussions and interviews with community groups, village leaders, and government officials in the project locale. When collecting impact information, SPD staff members gather perspectives and triangulate input from a variety of sources. This generates a realistic impression of the positive and negative impacts of SPD activities.

The M&A system is designed to operate effectively and efficiently, channeling important information quickly to project managers. The focus is not on reports or on endless meetings

covering details of every activity supported. Instead, the system facilitates the flow of information regarding critical aspects of SPD activities to management and program development staff. It encourages them to quickly analyze and discuss this information, to learn from our experiences, and reach decisions regarding possible changes in program strategy or direction.

More simply stated, the system facilitates learning about what SPD is doing—opportunities seized, problems encountered and solutions applied, and impact achieved—and encourages quick application of lessons learned as points of reference in our daily work. Because of the highly dynamic environment that prevails in disaster and post-conflict environments—and the rapid changes this implies for programming in these situations—quick action based on accurate information is critical. The M&A system facilitates this.

While implementation of the M&A approach is not linear, and the monitoring-analysis-decision making cycle is continuous and interactive, its core elements include:

- Regular M&E Manager and Program Development Staff field visits to monitor and assess progress—for a representative sample of communities, interviews are conducted with key stakeholders and quantitative data are collected as appropriate (focus is on impact indicators; staff do not assess activities they developed in order to ensure unbiased investigations of progress and impact);
- Immediately after field visits, structured meetings with key staff to discuss findings, determine lessons learned and best practices and how they might be incorporated into new activities, and discuss implications for existing strategies and policies;
- Systematic collection of quantitative indictor data for all grant-funded activities, guided by the M&E Manager;
- Storage of quantitative data in the SPD project database (TAMIS) for analysis and documentation tasks;
- Documentation of key lessons learned and best practices; and
- Reports written as necessary.

The focus of the M&A system is on quick learning and quick applications of lessons to future activities. It aims to facilitate and encourage a cycle of learning that steadily builds staff knowledge of what works and what does not. Through participation in M&A activities, staff and stakeholders gain deeper understanding of the impact of their actions, and uncover information and identify alternatives which facilitate the making of better decisions.

Progress and impact assessments help illuminate the success of a project or initiative in relation to its objectives, and the extent to which intended beneficiaries have really benefited. They also provide a check on the use of SPD resources, and help us improve our work through the dissemination of information about project experience and outcome. By encouraging reflection and observation, assessments help us maintain focus on our larger objectives—the "big picture"— and help ensure that our actions and beliefs are in line with reality.

*This version: September 2006*

# USAID SPD – 2006-2007 Aceh CBR Initiative Output and Impact Progress Indicators

**Objective:** Empower civil society by building their capacity and capability to determine, plan, implement and manage the rehabilitation of their communities effectively and efficiently.

**Outputs:**
1. Substantial and sustainable improvement in livelihoods in target communities [*Livelihoods Milestones*];
2. Good governance practiced and nurtured in target communities [*Governance Milestones*]; and
3. A process for integrated community-driven recovery and development that can be adopted and adapted in other areas of Aceh.

Note: Black diamond = milestone achieve

| ID | Milestone/Indicator | Finish | Q1 06 Jan | Feb | Mar | Q2 06 Apr | May | Jun | Q3 06 Jul | Aug | Sep | Q4 06 Oct | Nov | Dec | Q1 07 Jan | Feb | Mar | Q2 07 Apr | May | Jun | Q3 07 Jul | Aug | Sep |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Livelihoods 1: Increased perception of well-being among villagers, improvement from September 2005 assessment | 8/30/2006 | | | | | | | | ◇ | | | | | | | | | | | | | |
| 2 | Livelihoods 2: Increased perception of well-being among villagers, improvement from August 2006 assessment | 1/1/2007 | | | | | | | | | | | | ◇ | | | | | | | | | |
| 3 | Livelihoods 3: Increased perception of well-being among villagers, improvement from December 2006 assessment | 8/17/2007 | | | | | | | | | | | | | | | | | | | | ◇ | |
| 4 | Governance 1: Village CSOs Formation (56 Villages) | 1/30/2006 | ◆ | | | | | | | | | | | | | | | | | | | | |
| 5 | Governance 2: Community Action Plan 2006-07 in 56 villages | 3/30/2006 | | | ◆ | | | | | | | | | | | | | | | | | | |
| 6 | Governance 4: Increased Community Participation in the Formulation and Ownership of Local Development Plans | 4/30/2006 | | | | ◆ | | | | | | | | | | | | | | | | | |
| 7 | Governance 3: Community Development Goals 2006-2011 in 56 villages | 5/30/2006 | | | | | | ◇ | | | | | | | | | | | | | | | |
| 8 | Governance 5: Revealed Capacity to Manage Donor Funding Thru Village CSOs | 8/30/2006 | | | | | | | | ◆ | | | | | | | | | | | | | |
| 9 | Governance 6: Revealed Capacity of Village Leaders to Prevent and Mitigate Conflict | 8/30/2006 | | | | | | | | ◇ | | | | | | | | | | | | | |
| 10 | Governance 7: Increased Coordination Between Village and Kecamatan | 8/30/2006 | | | | | | | | ◇ | | | | | | | | | | | | | |
| 11 | Governance 8: Community Action Plan 2007-08 in 56 villages, improvement over 2006-07 plan | 1/1/2007 | | | | | | | | | | | | **Planning Activity Cancelled** ✕ | | | | | | | | | |
| 12 | Governance 9: Increased Community Participation in the Formulation and Ownership of Local Development Plans, improvement from August 2006 assessment | 1/1/2007 | | | | | | | | | | | | **Planning Activity Cancelled** ✕ | | | | | | | | | |
| 13 | Governance 10: Revealed Capacity to Manage Donor Funding Thru Village CSOs, improvement from August 2006 assessment | 8/17/2007 | | | | | | | | | | | | | | | | | | | ◇ | | |
| 14 | Governance 11: Revealed Capacity of Village Leaders to Prevent and Mitigate Conflict, improvement from August 2006 assessment | 8/17/2007 | | | | | | | | | | | | | | | | | | | ◇ | | |
| 15 | Governance 12: Increased Coordination Between Village and Kecamatan, improvement from August 2006 assessment | 8/17/2007 | | | | | | | | | | | | | | | | | | | ◇ | | |
| 16 | Governance 13: Revealed impact of Community Action Plan 2006-07 | 8/17/2007 | | | | | | | | | | | | | | | | | | | ◇ | | |
| 17 | Governance 14: Revealed progress in achieving community development goals 2006-11 | 8/17/2007 | | | | | | | | | | | | | | | | | | | ◇ | | |
| 18 | Process Milestone 1: Forum to Discuss CBR strategies, framework, processes and outcomes; BRR, WB, USAID, Village Leaders | 9/30/2007 | | | | | | | | | | | | | | | | | | | | | ◇ |
| 19 | Process Milestone 1: Documentation of CBR strategies, framework and processes (final report) | 9/30/2007 | | | | | | | | | | | | | | | | | | | | | ◇ |
| 20 | Process Milestone 2: Success Story document presenting case studies of CBR adopted/adapted in other areas of Aceh | 9/30/2007 | | | | | | | | | | | | | | | | | | | | | ◇ |

## Grant Worthiness Guide
November 2004

As we assess the quality of grant proposals, we must keep in mind that we do not simply want to provide funds for material change or to enable an event to occur, but more to enter into partnerships to build a foundation for building peace and resolving conflicts throughout Indonesia. While we face many constraints in providing support—most notably our regulations and policies—it is important that we do not impose our own ideas on the proposing organization. Before reaching agreement to support a proposal, both SPD and the applicant should be convinced about what we are undertaking. Furthermore, we must remember that however technically feasible or financially sound the project, it is the participation of people which will determine whether or not it is a success.

Answering the following questions will help us make funding decisions and stimulate partner organizations to improve their strategies and project management skills. Seeking answers to these questions for each proposal we evaluate will also help ensure that we are consistent in the way we deal with proposals and in the decisions we make on grant funding.

Basic questions we should ask when assessing a proposal include:

### Organization Aspects

☐ Is the organization officially registered? Can they provide registration documentation?

☐ Is the organization in compliance with relevant USAID regulations?

☐ Does the organization possess sufficient institutional capability in areas pertaining to the proposed activity and as required by the Grant Agreement?

☐ Are organization staff members reliable, realistic, capable and enthusiastic? Are they well-qualified to implement the project or do they need training?

☐ Are organization leaders strong? Do they respect the opinions of others and open to new ideas and suggestions?

☐ Can the organization demonstrate financial responsibility required under the proposed grant type? Can they provide annual financial statements, audit reports, letters from other donors and/or in-site visit reports to verify financial capabilities? Remember that SPD support four types of grants:

- *In-kind Grant*—requires systems to identify, segregate, accumulate, and properly record all costs incurred under the grant.
- *Standard Grant*—requires evidence of financial management and responsibility, including a completed "Accounting System and Financial Capability" questionnaire.
- *Simplified Grant*—requires adequate cash flow.
- *Fixed Obligation Grant*—requires adequate cash flow.

☐ If problems arise in implementing the project, what provisions are there for resolving internal conflict or disposing of project assets?

**Project Objectives and Framework**

☐ Do the project objectives fall within the scope of the SPD framework and policies?

☐ Are objectives clear, reasonable and practical? Are they tangible and quantifiable? Are the understood by all project participants and stakeholders?

☐ Are objectives realistic in terms of time, quantity, quality and cost?

☐ Is the project likely to achieve its objectives? Are the objectives overly optimistic vis-à-vis the planned activities? How do they measure against the technical feasibility of the project?

☐ Does the organization distinguish between the project purpose (e.g., build a school) and objective (e.g., improve level of education)?

☐ Does the project address a genuine need?

☐ Is the project design based on adequate baseline information? Projects often fail because the assumptions on which they were based proved inadequate or false. What is the minimum we need to know before we can implement this activity—does the organization possess this knowledge?

☐ Are beneficiaries clearly defined in terms of type, number and location?

☐ Is the project desired by the intended beneficiaries, both men and women?

☐ How was the proposal drawn up? Have beneficiaries been involved in the project planning process? How will they be involved in project implementation?

☐ What are the organization's motives for the project (e.g., political, religious, professional)? Serious problems can arise due to particular motivations.

**Project Activities and Technical Aspects**

☐ Is the project technically feasible?

☐ Will the project produce adverse effects?

☐ Can the organization overcome identified constraints?

☐ To what extent might the government, local authorities or other power elites interfere with or encourage project activities?

☐ Does the project consider the political, social and economic background in which it will be implemented?

☐ Does this project duplicate the work of others?

☐ Is the project providing a service or output that is more lavish than the norm? Funding something less than the ideal might be more sustainable.

**Financial Aspects**

☐ Are the project budget and resources adequate to support planned activities?

☐ Are budget items compatible with SPD standard rates?

☐ Are we over-funding the organization, causing potential harm by providing excessive funds?

☐ Will future (additional) funding be necessary?

☐ Are local contributions adequate, realistic, or over optimistic? Could the organization or beneficiaries be asked to contribute more?

☐ Are other donors, agencies or private sector entities providing funding (in-kind or monetary)?

☐ What assistance has the organization received for similar activities? What was the result of these activities?

**Monitoring, Self-Assessment and Sustainability**

☐ Are reporting and monitoring procedures included in the proposal? Are they clear, appropriate and achievable?

☐ Are there provisions for a mid-project reviews? How often and how will they be conducted?

☐ Will it be possible to measure the progress of the project and its impact? What are the proposed output and impact indicators?

☐ If the project is successful, could it be repeated elsewhere?

☐ When SPD support is complete, is it likely that the activity or its output and benefits will continue? What plans are there for continuing the project or its activities?

☐ Are there links with other organizations that might contribute to sustainability of activities or impact?

☐ Compared with other activities we have or might fund, how much risk is involved in supporting this project?


**Gender Analysis**

As we develop conflict prevention and response initiatives, it is critical that we understand and take account of the gender-specific needs and interests of crisis-affected people regarding security, health care, education, and livelihoods. Gender issues should be addressed within our needs assessments, project frameworks and discussions of project impact with our partners and beneficiaries. This implies that SPD assistance should address the needs and interests of both men *and* women—conducting gender analysis during project design and incorporating the results of our analyses in grant proposals, will help us achieve this goal.

Gender analysis should not stop at the design stage; it should continue throughout the project cycle. This will inform us of and help us understand differences in access and control among women and men over project resources and benefits, and participation in decision-making processes. It will also provide us information on potential opportunities for reducing gender inequalities and promoting more equal relations between women and men. Analyses conducted during the implementation phase will provide baseline data useful in measuring gender-related achievements and guide us to more effective program strategies.

Basic questions we should ask when assessing a proposal regarding gender issues include:

**Project Management**

☐ What guidelines exist on the integration of women in project management? How will the organization facilitate this?

☐ Are women and men represented equally in project management groups?

☐ Does the organization require training on gender awareness and gender analysis?

**Assessment and Problem Identification**

☐ Did the needs assessment look into the specific problems and needs of women? Did it identify barriers to women's participation or productivity? We should investigate references to "the household" or "the family"—what is the composition of households/families and expected project impact on members?

☐ Does the "problem" addressed by the proposal affect women and men differently? Were women involved in the development of the "solution"?

☐ Were women involved in conducting the needs assessment? Were women beneficiaries asked their opinion on their problems and needs? On their access to resources and opportunities, or participation in the development process?

**Objectives and Framework**

☐ Do the objectives state that project benefits are intended equally for both women and men?

☐ Do any objectives challenge existing or traditional sexual divisions of labor, tasks, opportunities and responsibilities?

**Project Strategy and Implementation**

☐ Does the project target both men and women? Does it give special attention to female-headed households with regard to access to training, technology, credit, land, etc?

☐ Is the implementation strategy likely to overlook women in the target group?

☐ Is the strategy concerned mainly with delivering benefits to women, or does it also involve their increased participation and empowerment to improve their ability to overcome problems and take advantage of opportunities?

☐ How will the organization encourage and ensure broad participation of women in implementation?

☐ Does the intervention challenge existing gender divisions of labor, tasks, responsibilities and opportunities?

☐ Are livelihoods programs adding to the work of women without really adding to their disposable income? Income generating programs should help women derive income from work they already do, and not add to their workload.

☐ Will new technologies provided by the project fall under the sole control of men? If so, what is the likelihood that women will suffer?

☐ Does the strategy work with and strengthen informal networks which help women? Are new organizations supported?

☐ Will women be involved in education and training? What work has been done to overcome possible opposition from men? Are complementary activities planned to facilitate women's participation in educational programs (particularly women heading households)—e.g., provision of child-care or organization of food processing?

☐ Is there flexibility and openness to respond to new methods and opportunities for supporting gender equality that present themselves during implementation?

**Project Outputs, Impact and Monitoring**

☐ Relative to men, do women receive a fair share of the benefits that arise from the project? What provisions are in place to ensure equal access to project benefits?

☐ Does the project give women increased control over material resources, better access to credit and other opportunities, and more control over the benefits resulting from their productive efforts?

☐ What methods are proposed for monitoring the progress in reaching women?

☐ What are the likely long-term effects on women's ability to take charge of their own lives and take collective action to solve problems?

☐ Are gender-disaggregated baseline data available (qualitative and quantitative)? Are mechanisms in place to ensure the collection and analysis of such data? Were women involved in determining indicators? Will they be involved in collecting associated data? In discussing results of the project?

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## USAID SPD Community Recovery and Reconciliation Initiative (CBR and ACEO) Closeout Plan [*]
### 10 February 2007

This document presents the SPD Community Recovery and Reconciliation (CRR) Initiative closeout plan that will be implemented during the period February 2007 to January 2008. The CRR Initiative encompasses the Community-Based Recovery (CBR) and Aceh Community Engagement and Ownership (ACEO) Initiatives. The closeout plan supports the consolidation of CRR accomplishments to date, and facilitates final steps toward the achievement of overall CRR objectives and outputs.

The plan takes account of key SPD budget and time constraints, including dates when USAID agreements with Public-Private Partners conclude, and the required 3-month SPD administrative closeout period.

The plan comprises four components:

1. Village recovery activity design and implementation;
2. Community leadership and management skills strengthening;
3. Village development planning; and
4. Assessments of achievements, outputs and impacts.

> **Community Recovery & Reconciliation**
>
> The objectives and outputs of CBR and ACEO are similar, and are presented jointly as follows:
>
> Objective: To engage communities in recovery and reconciliation processes by building effective relationships between them and other groups.
>
> Outputs:
> - Networks of constructive relationships;
> - Good governance practiced and nurtured; and
> - Sustainable improvement in livelihoods.

Successful implementation of the plan requires the active and dedicated participation of all SPD staff members. Senior managers will be challenged during the closeout period to maintain the energy and focus of staff members as they begin their search and eventually depart for new employment opportunities. It will be a difficult but critical task to maintain sufficient staff levels in each technical area (e.g., procurement, accounting, grant management, village facilitators) through the end of the contract period.

**Village recovery activity design and implementation [contributes to all outputs, especially: sustainable improvement in livelihoods]**
ACEO grant funding for village recovery activities is fully obligated. CBR grant funding for village recovery will be fully obligated by 30 March 2007. Grant funds support a range of recovery activities, including rehabilitation and construction of infrastructure, agriculture development activities and small business development. With design tasks near completion, SPD will focus effort during most of the closeout period on implementation tasks.

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[*] While there is some overlap of tasks and issues, this document does not represent or replace the SPD Closeout Plan that is to be delivered to the CTO for approval approximately 6 months prior to the end of the SPD contract. For details, see contract No. DOT-I-03-800-00004-00, Task No. 800.

Grantee management capacity and the nature of activities to be implemented largely dictate deadlines for various implementation tasks. Public-Private Partnership agreements and the dates that they conclude also are important considerations. Grant-funded activities are planned to conclude by the following dates (grouped by funding source):

- ACEO USAID-ExxonMobil funding, 15 July 2007
- ACEO general funding, 15 August 2007
- CBR USAID-Chevron funding, 15 July 2007
- CBR general funding, 15 September 2007
- CBR USAID-AmeriCares funding, 15 September 2007

Beyond the normal challenges and issues that can arise when implementing community development activities—which can cause delays in established schedules—SPD faces two main constraints in implementing this component of the closeout plan.

*Village-based CSO Management Capacity.* Managers of the village-based CSOs formed with SPD support generally lack the skills required to perform their duties. This is not surprising, given that most have never managed or administered a CSO. Working with SPD funding represents their first opportunity to manage donor resources. This lack of skill and experience limits their ability to effectively and efficiently manage SPD resources. It can delay implementation schedules.

SPD will address this issue through training events that focus on themes and skills appropriate for CSO managers and administrators. Training events in the first half of 2007 will supplement training provided in 2006, helping to ensure that CSOs properly manage village projects and SPD funding, and to prepare them to continue operations after the conclusion of the SPD program (see next section for more details). At the same time, it must be understood that regardless of the amount or quality of training provided, it will take time for CSO staff to transform new knowledge into habit. As a result, SPD staff members will have to remain proactive in assisting, guiding and mentoring CSO staff as they perform their duties.

*Quality Control of Physical Outputs (Assets)*
Given the broad geographic spread of participating villages and the variety of infrastructure provided to them, SPD faces a great challenge to ensure that all assets provided to villages meet desired standards. SPD has established quality control procedures to provide assurance that project finances are used as intended, and which ensure that reliable information on the quality of assets provided to partner communities is delivered to SPD managers so that they can address quickly any weaknesses. Clear guidelines indicate steps in the quality control process, staff roles and responsibilities, and reporting procedures. SPD engineers assist in the design of small-scale infrastructure units and help monitor their construction.

During the closeout phase, SPD will transfer ownership of assets to villages and government agencies, as appropriate. Transfer is formally complete when the recipient signs an Asset Transfer Letter, acknowledging receipt of the asset and acceptance of responsibilities for its use and maintenance. Many recipient communities are quite capable of managing and maintaining community assets. Others have less experience, and will face challenges in this regard. SPD will work with leaders in these communities to build local capacity to manage and maintain community assets (see next section for more details).

**Community leadership and management skills strengthening [contributes to all outputs, especially: good governance practiced and nurtured]**

Inadequate leadership capacity is the key obstacle facing any community-driven program. SPD designed a training package comprising several modules to build strong leadership capacity, providing training and support to leaders at several levels of society. Formal training events and field-based mentoring prepared participants to assume greater responsibility for and control over their actions, and increased their capacity to empower and develop their communities.

CRR capacity building formally began with Personal Empowerment and Awareness (*Operacy*) and Transformational Leadership (*CoOperacy*) in order to build a strong foundation for developing other skills. In *Operacy* training, participants discover that peace is a choice, and that there are peaceful and effective ways of perceiving and responding to others. This facilitates a transition from survival to development thinking, and highlights that peace is a choice that cannot be sustained without effort from all sides of a conflict.

In *CoOperacy* training participants focus on the roles and responsibilities of leaders working with communities in transition. Participants learn that strong leadership implies mutually enhancing and supportive relationships between all members in the community. They also discuss how sustainable prosperity flows from healthy and productive relationships.

**CRR Leadership Strengthening: Training Cycle**

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          ┌───────────────────────┐
          │    1. Operacy         │
          │ Personal Empowerment  │
          │    & Awareness        │
          └───────────┬───────────┘
                      │
                      ▼
          ┌───────────────────────┐
          │   2. CoOperacy        │
          │   Transformational    │
          │     Leadership        │
          └───────────┬───────────┘
         ┌────────────┼────────────┐
         ▼            ▼            ▼
 ┌──────────────┐ ┌──────────────┐ ┌──────────────┐
 │3. Participa- │ │4. Communica- │ │5. Conflict   │
 │tory Planning │ │tion &        │ │Mgmt &        │
 │              │ │Facilitation  │ │Resolution    │
 └──────────────┘ └──────────────┘ └──────────────┘
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Soon after these courses, SPD began to provide participants with additional training to build participatory planning, facilitation and communication, and conflict mitigation and management skills. During the closeout phase, SPD will conduct final training events that will complete this cycle of training in CRR communities, with focus on leaders in the 119 participating villages.

SPD will also continue efforts to strengthen the skills of CSO personnel in CRR communities. Given their current experience, managing cash funds and in-kind resources efficiently and transparently is not easily accomplished. To meet this challenge, CRR has provided training to CSO managers on bookkeeping, financial planning, project implementation and organizational management. Training has also included discussion of accountability and transparency in the use of funds.

During the closeout phase, SPD will conduct at least one additional training event for each CSO to further strengthen staff skills. In addition to topics covered in previous training sessions, instruction will cover maintenance of village assets, administration and replacement costs associated with operation of public infrastructure, and management of community enterprises.

*Challenges.* Having provided leadership training to many of the targeted beneficiaries, SPD has the skills, experience and material to successfully implement planned leadership development activities. Due to time and human resource constraints, SPD will enter into grant agreements with local NGOs to conduct final CSO management strengthenging activities. Although

interviews have begun, SPD must finalize dicussions and conclude agreements with several service providers to ensure training events proceed according to schedule.

**Village development planning [contributes to all outputs, especially: networks of constructive relationships]**
Comprehensive planning for village recovery is a critical activity for participating villages because it provides a long-term framework for their recovery and encourages teamwork in managing local resources with a goal of local development. Village planning began with the preparation of simple five-year development vision and mission statements, followed by the formulation of sector plans by technical groups. Community leaders summarized sector plans as elements of Community Action Plans for 2006-2007.

Ensuring that local planning efforts feed into provincial and national planning frameworks is an important challenge. Done in isolation, the Community Action Plans will have little lasting impact in the CRR area. During the closeout phase, SPD will work with participating villages to update and re-formulate their plans for presentation to local authorities. SPD will seek the assistance and cooperation of local and provincial government offices to ensure that planning efforts are integrated with provincial and national planning processes. Coordinating with and seeking the commitment of government and KPA representative will be critical, and will help ensure that relationships are strengthened during the process.

*Challenges.* SPD will need to gain solid understanding of the national planning process and requirements to determine how SPD might assist planning at the village level and facilitate links with national planning efforts. To meet this challenge, a small group of SPD staff will meet with local officials and civil society groups to learn about provincial planning processes, key actors and stakeholders, and data requirements. They will also review SPD village planning efforts to date, gathering lessons that can be used in the final planning cycle. Finally, the group will formulate a detailed action plan for SPD staff training, stakeholder preparation, building village awareness of planning processes and expected outputs, and village planning activities.

**Assessments of achievements, outputs and impacts**
Impact assessments and discussion of their findings are an integral part of SPD operations. Properly done, they uncover information and identify alternatives which facilitate the making of better decisions, and help SPD managers and project stakeholders learn from successes and mistakes. Impact assessments help illuminate the success of SPD and its initiatives in relation to their objectives, and the extent to which intended beneficiaries have really benefited. They also provide a check on the use of program resources, and help managers improve their work through the dissemination of information about project experience and outcome.

Sources of information for impact assessments include: interim and final grant award project reports; interviews and focus group discussions with grantees, beneficiaries, and other project participants (e.g., local government officials, educators, and health care providers); community or group self-surveys; and descriptive accounts of important incidents, actions, and meetings.

During the closeout period, SPD will continue to conduct periodic assessments of progress in achieving CRR objectives and outputs. At the conclusion of field activities, SPD will hold a senior management and program staff meeting to discuss lessons learned, methods developed and major achievements. This meeting will help consolidate impact assessment information, and facilitate final documentation of CRR achievements, outputs and impact.

## Community Action Plan Review Process and Guide
March 2006

As we review the quality and content of community action plans we must keep in mind that we do not simply want to review plans for initiatives that USAID SPD might support, but more to assess the degree to which a broad cross-section of community members participated in the design process and how the overall plan addresses local needs and aspirations within the context of local resources. In reviewing plans, it is important that we do not impose our own ideas on the community—we are not "approving" their plans.

It is also important that we recognize that not all plans will be of the highest quality, containing all of the detail we might desire. There will be great variety in the content (detail and otherwise) of the village plans we receive. For many villages, their document represents a first attempt at formulating a medium-term community plan. As such, it is a first step in their learning process—our role is to help them move through this process at their own pace. It can be counterproductive to be overly critical in our review of early planning outputs.

We must also remember that however technically feasible or financially sound are the action plan and associated activities, it is the participation, ownership and commitment of people which will determine whether or not it is a success.

Gender Issues. As we review community action plans, it is critical that we understand and take account of the gender-specific needs and interests of community members regarding security, health care, education, and livelihoods. Gender issues should be addressed within community needs assessments, development frameworks and discussions of project impact. This implies that community action plans should address the needs and interests of both men *and* women—conducting gender analysis as we facilitate local development planning will help us achieve this goal.

Gender analysis should not stop with planning events and discussions in villages; it should be integrated into the implementation of the plan and associated activities. This will inform us of and help us understand differences in access and control among women and men over community development resources and benefits, and participation in decision-making processes. It will also provide us information on potential opportunities for reducing gender inequalities and promoting more equal relations between women and men. Analyses conducted during the implementation phase will provide baseline data useful in measuring gender-related achievements and guide us to more effective program strategies.

The review process involves input from a number of DAI staff members. To ensure timely response to village needs, it is important that we move through this process as quickly as possible without compromising its integrity. Meetings and discussions should be held as soon as possible, and communication maintained with participating communities as we review their plans.

**Community Action Plan Internal Review Process Leading to Proposal Development**

| Process Step | Participants | Tasks |
|---|---|---|
| 1. Community Action Plan received by DAI | Community Facilitator (CF), Community Program Development Officer (CPDO) | • After facilitating village planning process, CF delivers the plan to the CPDO<br>• CPDO schedules Planning Process Review meeting |
| 2. Planning Process Review and Plan Document Check | CF, Field Coordinator (FC), CPDO, Senior Program Development Advisor (SPDA), and/or Aceh Program Implementation Manager (APIM)<br><br>*Minimum 3 persons required* | • Discuss village-level planning activities that were conducted, and verify participants in these activities<br>• Verify that the plan document contains information required for content review, and is supported by more detailed information available in the associated village<br>• Clarifications required: CF meets with village leaders for discussion<br>• No clarifications; CF or MIS Assistant enters plan into DAI SPD database (if not already entered)<br>• CPDO schedules Content Review meeting<br><br>*(see theme and question details below)* |
| 3. Content Review | CF, FC, Regional Coordinator (RC), CPDO, and SPDA and/or APIM<br><br>*Minimum 4 persons required, including SPDA or APIM* | • Review plan content—activity-by-activity details<br>• Clarifications required: CF meets with village leaders for discussion<br>• No clarifications, SPDA or APIM prepare Letter of Acknowledgement for CF delivery to village<br><br>*(see theme and question details below)* |
| 4. Priority Setting and Activity Selection | Village leaders, CF, FC, CLO, APIM<br><br>*Minimum CF and CLO* | • CF and CLO facilitate village discussion and establishment of priorities to be supported with USAID SPD funds<br>• CLO delivers list of high, medium and low priority activities to APIM<br><br>*(Note: CF and FC will facilitate discussion and prioritization of activities to be funded by other donors after SPD Proposal Development [see step 5 below])* |
| 5. Proposal Development | Village leaders, CF, FC, CLO, APIM | • High priority activity statements reformulated as grant award proposals (next steps follow standard DAI grant proposal development processes)<br>• If Village CBR budget permits, medium priority activities reformulated as grant award proposals<br>• If Village CBR budget permits, low priority activities reformulated as grant award proposals<br><br>*(see theme and question details presented in DAI SPD Grant Worthiness Guide)* |

Note: in addition to the participants noted in the table, the following staff members are encouraged to attend *Content Review* and *Priority Setting and Activity Selection* meetings: Community Livelihoods Officer (CLO), Jakarta PIM, Monitoring and Evaluation Manager, Chief and Deputy Chief of Party (COP, DCOP).

Answering the following questions will help us review community action plans and stimulate communities to improve their strategies and project management skills. Seeking answers to these questions for each plan we review will also help ensure that we are consistent in the way we deal with plans and in the decisions we make on grant funding.

Basic questions we should ask when reviewing a community action plan are presented below. Participants in the review process should keep in mind that it is not our goal to answer each of these questions in the affirmative, or in great (and satisfactory) detail. Certain questions will not be applicable in some circumstances. It may not be possible for some villages to take actions suggested in certain questions. In asking these questions, we are trying to obtain a general understanding of the process through which the plan was developed and of its contents, and a degree of comfort with this process and content that enables us to begin, in partnership with the village, project design and implementation tasks.

## Planning Process Review and Plan Document Check

*Process and Participation*
□ How was the plan drawn up?
□ What was the degree and quality of community participation in the planning process? How will they be involved in its implementation?
□ Are the plan and its contents clearly desired by the intended beneficiaries?
□ Was the plan validated by the community?

*Risk*
□ If problems arise in implementing the plan, what provisions are there for resolving internal conflict?
□ Has the community considered adverse effects that might arise as a result of planned activities? What provisions have been made to address adverse affects?
□ As applicable, were government policies and regulations followed and addressed during the planning process?

*Sustainability*
□ Were sustainability issues discussed during the planning process?
□ Did the community discuss potential impact of change, both positive and negative, on their social, economic and environmental systems?
□ Did the community discuss the potential for corruption in handling activity funding and in the ownership of activity output?
□ Did the community discuss the potential need for strengthening leadership capacity as the community develops and expands livelihoods opportunities?
□ Did the community consider the political, social and economic background in which it will implement its plan?

*Gender Issues*
□ How did village leadership facilitate the integration of women in the community planning process?
□ Are women and men represented equally in planning groups?
□ Did needs assessments look into the specific problems and needs of women? Did they identify barriers to women's participation or productivity?
□ Does the plan reference "the household" or "the family"—what is the composition of households/families and expected activity impact on members?

- ☐ Were women involved in conducting the needs assessment? Were women beneficiaries asked their opinion on their problems and needs? On their access to resources and opportunities, or participation in the development process?
- ☐ Does the plan target both men and women? Does it give special attention to female-headed households with regard to access to training, technology, credit, land, etc?
- ☐ Is the plan concerned mainly with delivering benefits to women, or does it also involve their increased participation and empowerment to improve their ability to overcome problems and take advantage of opportunities?
- ☐ How will village leadership encourage and ensure broad participation of women in implementation?
- ☐ Is there flexibility and openness to respond to new methods and opportunities for supporting gender equality that present themselves during implementation?

*Document Check*
- ☐ Does the plan, as presented in the summary document, contain clear activity descriptions?
- ☐ Are associated sector and sub-sector information complete and accurate?
- ☐ Are start and end date information complete and realistic?
- ☐ Are potential and current donors represented in the plan? For potential donors, is their participation realistic?
- ☐ Are village contributions—financial and in-kind—presented in the plan?


## Content Review

Activities and Technical Aspects
- ☐ Are activities presented in the plan technically feasible?
- ☐ Are capacity building activities presented in the plan? Are there clear connections with these activities and activities that have a more technical focus?
- ☐ Will implementation of planned activities produce adverse effects?
- ☐ To what extent might the government, local authorities or other power elites interfere with or encourage planned activities?

*Gender Issues*
- ☐ Do planned activities challenge existing gender divisions of labor, tasks, responsibilities and opportunities?
- ☐ Do "problems" addressed affect women and men differently? Were women involved in the development of "solutions"?
- ☐ Are planned activities adding to the work of women without really adding to their disposable income? Income generating programs should help women derive income from work they already do, and not add to their workload.
- ☐ Will new technologies provided by activities included in the plan fall under the sole control of men? If so, what is the likelihood that women will suffer?
- ☐ Will women be involved in education and training? What work has been done to overcome possible opposition from men? Are complementary activities planned to facilitate women's participation in educational programs (particularly women heading households)—e.g., provision of child-care or organization of food processing?
- ☐ Relative to men, do women receive a fair share of the benefits that arise from activities presented in the plan? What provisions are in place to ensure equal access to benefits?

☐ Do planned activities give women increased control over material resources, better access to credit and other opportunities, and more control over the benefits resulting from their productive efforts?

Financial Aspects

☐ Are planned activity budgets and resources adequate to support implementation?

☐ Are community contributions adequate, realistic or over optimistic? Could the community be asked to contribute more?

☐ Does the plan request more funding than necessary, causing potential harm as donors may subsequently question the motivations of the village and its leaders?

☐ What assistance has the village received for activities similar to those represented in the plan? What was the result of these activities?

Monitoring and Self-Assessment

☐ Are reporting and monitoring tasks included in the plan? Are they clear, appropriate and achievable?

☐ Are there provisions for periodic implementation reviews? How often and how will they be conducted?

☐ Will it be possible to measure the progress of plan implementation and impact?

☐ When donor support is complete, is it likely that planned activities or their outputs and benefits will continue? What plans are there for continuing planned activities?

*Gender Issues*

☐ What methods are proposed for monitoring progress in reaching women?

☐ Are plans presented to monitor long-term effects on women's ability to take charge of their own lives and take collective action to solve problems?

☐ Are gender-disaggregated baseline data available (qualitative and quantitative)? Are mechanisms in place to ensure the collection and analysis of such data?

☐ Were women involved in determining indicators? Will they be involved in collecting associated data? In discussing results of the planned activities?

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**DAI SPD Community Livelihoods Recovery Projects**
**Asset Replacement and Revolving Funds**
21 November 2006

Livelihoods recovery projects are an important component of USAID SPD community-based recovery and reconciliation initiatives in Aceh. In the context of SPD, asset replacement activities are critical. SPD provides support through village CSOs to community groups or individuals for replacing private assets (e.g., cattle, goats, or seed) lost in a conflict or disaster, encouraging participants to provide a level of payment back to the community in order to foster self-reliance and community cohesion. While the focus of these activities is on asset replacement and income generation, objectives related to the sustainability of revolving funds and credit schemes are equally important. To facilitate project implementation and ensure proper use of project funds, particularly the transfer of assets to individuals and subsequent repayment for these assets (in whole or in part) to other individuals or organizations within the community, DAI implements the following capacity building and monitoring procedures for all revolving fund projects funded through the SPD Program.

*Project Planning and Design*

1.  All CSO staff members and village leaders participate in a series of leadership strengthening activities in the course of their participation in SPD Community-Based Initiatives. These activities aim to improve governance of local resources, and thereby increase their capacity to empower and develop their communities. The most important of these training events are the week-long courses in *Operacy* (personal empowerment) and *CoOperacy* (leadership). These activities help develop a foundation for proper governance of assets and associated revolving funds, reducing the possibility of theft or fraud in their use.

2.  All CSO staff members participate in a series of capacity building events in the course of their participation in SPD Community-Based Initiatives (all CSOs have participated in one training event as of the date of this publication; a second event is scheduled for January-February 2007; additional training will be provided as necessary, keeping within time and budget constraints). These activities aim to improve the capacity of participants to effectively and efficiently manage the affairs of their village-based CSO. Training covers a range of themes and skills areas, including accounting practices and systems, procurement of goods and services, project management and operations systems, and project monitoring and assessment. Like the training events noted in item 1, above, CSO capacity building events help develop a foundation for proper governance of assets and associated revolving funds, reducing the possibility of theft or fraud in their use.

3.  All village livelihoods activities and associated revolving funds supported by USAID SPD must be part of the Community Action Plan. These plans are developed using a participatory process that involves representatives of agriculture, health, women and children and other key sectors in the village. With assistance from SPD facilitators, village representatives discuss and formulate plans that address the needs of all groups in the community. They also discuss mechanisms to monitor the use of donor and village resources. This planning process helps ensure that a broad cross-section of the community agrees to the importance of each activity and associated revolving fund, including design and implementation components.

4.  During discussion of projects that involve the provision of assets to individual community members and associated revolving funds, SPD facilitators ensure discussion includes issues of equitability (including environment and gender issues), transparency and accountability. That is, who receives assets first, the approach to repayment by individuals and transfer of resources to other community members, and how will funds be managed by the community. Facilitators also ensure broad community participation in these discussions and in deliberations over general

project design and implementation methods. (Note: experience to date suggests that most communities have previous experience implementing and managing community revolving funds, and have developed local, culturally sensitive control methods. SPD will strengthen and support existing structures whenever possible. A brief description of relevant community experience with revolving funds will be presented in individual grant proposals, including any local control methods applicable to grant-funded activities.). This process helps ensure community understanding of, and agreement and commitment to the project design, implementation process and associated management approach (i.e., plan for distribution of assets, payback scheme and fund control).

5. When selected by the community for support using SPD funds, SPD facilitators and community livelihoods officers work with village leaders to finalize project design and implementation methods. The facilitators and community livelihoods officers discuss various implementation options, ensuring the community understands the implications of selecting each option regarding, for example, the intensity of management required and burden placed on individuals receiving the asset. Details regarding payback schemes, fund management arrangements and asset distribution plans will be presented in each grant agreement. As with item 4, above, this step helps ensure community understanding of, agreement to and commitment to the project design, implementation process and associated management approach.

6. Following community discussion and agreement, SPD formulates curriculum and provides training to match community skills with the requirements of the revolving fund: the more complex the fund management scheme, the more training SPD provides fund managers (note: experience to date suggests that these funds will be quite simple to implement and manage, and therefore the associated training requirements will be minor; in addition, as noted in item 4, many villages have developed skills and experience through involvement in other community-managed revolving funds—SPD will strengthen these skills as necessary). Where possible, DAI SPD staff will provide training to fund managers. If necessary, DAI SPD will contract local experts to provide technical training and support. Skills development helps minimize potential problems such as theft, fraud and other misuse of project resources.

*Project Implementation*

7. SPD staff members and grantees (village CSOs) follow standard procedures as outlined in the DAI SPD Grants Implementation Guide and the DAI SPD Grants Administration Handbook. Supplements to these documents include the DAI SPD Grant Worthiness Guide, Input Standards Control documents and the Internal Controls Audit Guidelines. All SPD staff are responsible for implementing the policies and procedures presented in these documents, and for reporting weaknesses to DAI SPD Senior Managers. These documents are provided to all staff members, and are available in the project TAMIS.

8. During the course of project implementation, SPD facilitators will report success stories, problems and incidents to DAI SPD Senior Managers. Reported problems and incidents will be presented to and discussed with grantee senior management. DAI will request that the grantee promptly investigate problems and incidents and report their findings to DAI.

9. For projects where funding completes a cycle (i.e., first recipients of assets repay the community in whole or in part for the asset) prior to the end of the SPD contract, DAI SPD facilitators will monitor repayment discussions and activities closely, ensuring that actions follow those stipulated in the original grant agreement. With village leaders and CSO managers, facilitators will also help arbitrate disputes and mitigate conflicts that might arise. Facilitators will report any weaknesses, including instances of theft or fraud, to DAI SPD Senior Managers.

10. For projects where funding completes its first cycle after the end of the SPD contract, DAI SPD relies on participant attitude (see paragraphs 1, 3, 4 and 5) and skills developed (see paragraphs 2

and 6) during the contract period to ensure proper governance of SPD assets and funds provided to the community.

11. DAI SPD recognizes that it is not possible to eliminate completely all chance of problems occurring either before or after the end of the SPD contract period. However, by properly implementing the capacity building and monitoring activities and internal controls presented herein, SPD can greatly reduce the possibility that misuse will occur. DAI conducts regular audits and monitoring activities to provide assurance that implementation systems are functioning and policies are followed, and ensures that any weaknesses are recognized and addressed quickly by senior management.

# USAID-COPI Aceh Community-Based Recovery Initiative
## Participating Villages and Outputs of Grant-Funded Activities



| Outputs | Utamong | Saney | Teumareum | Kuala | Bahagia | 5-Village Total |
|---|---|---|---|---|---|---|
| Total Beneficiaries | 171 | 163 | 972 | 382 | 347 | 2,035 |
| Irrigation Canal Rehabilitation (meter) | 1,000 | 1,000 | 2,500 | 1,500 | 1,000 | 7,000 |
| Village Office | 1 | 1 | 1 | 1 | 1 | 5 |
| Community Center | 2 | 3 | 6 | 5 | 4 | 20 |
| Recreation Facility | 1 | 1 | 1 | 2 | 2 | 7 |
| Education Facility | 0 | 0 | 1 | 0 | 0 | 1 |
| Water and Sanitation Facility | 1 | 1 | 1 | 1 | 2 | 6 |
| Agriculture and Land Preparation (ha) | 38 | 27 | 240 | 112 | 122 | 539 |
| Seeds (seedlings) | 1,000 | 1,064 | 1,533 | 1,057 | 1,022 | 5,676 |

| | Outputs | Utamong | Saney | Teumareum | Kuala | Bahagia | 5-Village Total |
|---|---|---|---|---|---|---|---|
| Vocational Training | Scuba Diving | 1 | 1 | | | | 2 |
| | Cake-making | | | 1 | 1 | 1 | 3 |
| | Sewing and Embroidery | | | 1 | 1 | 1 | 3 |
| | Handicrafts | 1 | | 1 | | 1 | 3 |
| | Computer Training | 1 | 1 | 1 | 1 | 1 | 5 |

## Legend

- ● COPI-funded CBR villages
- ● City
- ～ River
- ～ Road
- Kecamatan (Sub-District)
- Kabupaten (District)

Area of Interest

Indian Ocean

Aceh Jaya

LEUPUNG
LHOO
JAYA
Lamno

UTAMONG
SANEY
TEUMAREUM
KUALA
BAHAGIA

0  1.5  3  6 Kilometers

ConocoPhillips

USAID
FROM THE AMERICAN PEOPLE

27

**USAID SPD Aceh Community Based Recovery Initiative**
**Participating Villages, CSO Names and Demographic Data (31 July 2006)**

| No. | Village | CSO Name | Kecamatan | Kabupaten | Families | Female | Male | Total |
|-----|---------|----------|-----------|-----------|----------|--------|------|-------|
| 1 | SANEY | YAYASAN MUTIARA LAUT | LHOONG | ACEH BESAR | 62 | 73 | 90 | 163 |
| 2 | UTAMONG | YAYASAN UTAMONG SEJAHTERA | LHOONG | ACEH BESAR | 68 | 88 | 83 | 171 |
| 3 | TEUMAREUM | YAYASAN TEUMAREUM SEROJA PERMAI | JAYA | ACEH JAYA | 296 | 475 | 497 | 972 |
| 4 | KUALA | YAYASAN KUALA PUTRA | JAYA | ACEH JAYA | 133 | 155 | 227 | 382 |
| 5 | BAHAGIA | YAYASAN BINTANG HUE | KRUENG SABEE | ACEH JAYA | 160 | 109 | 238 | 347 |

*Place spellings by Biro Pusat Statistik (BPS); Population data collected through village surveys*

*by DAI-SPD (conducted March 2006); Total 5 CSOs*

| | | |
|---|---|---|
| Total = | 719 | 900 | 1,135 | 2,035 |
| Average per Village = | 144 | 180 | 227 | 407 |
| Average per Family = | 2 8 | 44% | 56% | = % Total |
| Min = | 62 | 73 | 83 | 163 |
| Max = | 296 | 475 | 497 | 972 |

Agriculture pursuits in the village of Teumareum have resumed largely due to ConocoPhillips-supported land rehabilitation activities



Participatory community planning in Teumareum set the stage for vital economic recovery activities and village infrastructure rehabilitation, both supported by ConocoPhillips



ConocoPhillips and USAID representatives preside over the opening of a new *meunasah* in Saney village



Utamong village is regaining its reputation as a prime source of prized ocean catch, particularly that of lobster and crab

Lobster cages are essential to the local economy of Saney



It is not uncommon for Saney fishermen to spend several nights on the water hauling in their prized catch

The village office and community center are the center of village governance in Saney



The village office and community center are the pride of the community in Teumareum

Coconut trees and picturesque mountains provide a beautiful backdrop for Utamong village's office and community center



Fishermen in Teumareum secure their boats on this landing in order to drop off their catch and return home home for supper

The fishermen of Saney have a beautiful meeting place in which to discuss important issues or events such as the price of fish or the weather

Traditional boats are the choice of the fishermen in Kuala

The Kuala village chief has already taking up shop in the new ConocoPhillips-supported village office

Embroidery training, selected and organized by the community in Bahagia, has enabled some women to support a growing clientele base

The village office in Bahagia is typical of others elsewhere in Aceh

Support for Peaceful Democratization Program

**ACEH COMMUNITY-BASED RECOVERY INITIATIVE**

*In Cooperation With*
**Chevron**

**Final Report**
**September 2007**

# Support for Peaceful Democratization (SPD)

# Aceh Community-Based Recovery Initiative

# In cooperation with Chevron

# Final Report

# September 2007

USAID Contract No. DOT-I-03-800-00004-00
Task Order No. 800, Under the SWIFT II IQC
USAID Contractor: Development Alternatives, Inc. (DAI)

**Development Alternatives, Inc. (DAI)**
**Support for Peaceful Democratization in Indonesia (SPD)**

**Aceh Community-Based Recovery Initiative**

**In cooperation with Chevron**

**Final Report**
**September 2007**

## Contents

# USAID Support for Peaceful Democratization (SPD) Program
## Aceh Community-Based Recovery Initiative

### *In Cooperation with*
### Chevron

Baroh Blangmee, Baroh Geunteut, Teungoh Geunteut, Lamkuta Blangmee, Teungoh Blangmee and Umong Seuribee villages were amongst the communities that took the brunt of and were largely de-populated by the December 2004 tsunami. To make matters worse, relief efforts were slow to reach the area due to its remote location and compromised transportation networks. With local government infrastructure all but destroyed and officials searching for loved ones, villagers held little hope that significant assistance would reach them quickly. Consequently, residents fled to larger towns like Banda Aceh to find relief supplies and information about government plans to assist.



Villagers in Baroh Geunteut clear debris from an irrigation canal in preparation for planting

Surviving residents, initially reluctant to return, were hastened to do so with the early intervention of the USAID Community-Based Recovery (CBR) Initiative. In July 2005, hope for quick recovery increased dramatically when Chevron (formerly Unocal Foundation) provided $1.5 million for the recovery and development of these communities. Early cash-for-work cleanup activities drew people back to their villages, helping to stabilize the situation there. Despite the loss of many village leaders and elders, new leaders rose to the occasion and worked with survivors to formulate recovery plans for their communities.

USAID and Chevron have worked in partnership with these communities to support first steps to rebuilding lives and recovering local livelihoods. Initial engagement with the six villages included short-term employment activities through cash-for-work programs that put much needed cash into the hands of hard-hit families. Important achievements during this first phase include:

- 1,022 workers (54% women) employed for just under 26,000 person-days of labor. Total cash payouts (wages) to workers was over $242,041;
- 6 community centers and 6 village offices constructed;
- Over 61 hectares of village land and 739 hectares of agriculture land cleared; and
- 5 kilometers of irrigation canals cleared of debris.

The tsunami destroyed most—and in many cases all—community and family assets, including existing leadership structures. Management of the recovery process, particularly of the large amount of donor funding pouring into most affected communities, required very strong leadership to minimize potential tension and jealousy. Strong leadership and good governance at the village level—a cornerstone of CBR's approach—helped ensure that funds were used efficiently, transparently and in an accountable manner.

### Governance of Village Resources for Development
Recognizing the need to strengthen governance of village resources, CBR worked with local leaders to develop village-led CSOs (civil society organizations) and to provide leadership and governance training to key community leaders, including women and youth.

> The most rewarding part of Chevron's assistance is that it works through the community, so that the ideas come from villagers themselves.
>
> *Fauzi, Village Secretary*
> *Teungoh Blangmee*

Instruction was provided on CSO formation and organization tasks and methods, and personal empowerment and leadership issues. Establishing legally recognized CSOs increased opportunities for communities to attract local and international donor funding directly, allowing them to manage their own project funding rather than relying on other NGOs or donors to do so. CBR worked closely with new CSO managers to organize and strengthen their newly formed organizations by providing managers with training in bookkeeping, financial planning, and organizational management. Training events also prepared village organizations to administer community-managed loan funds (i.e. revolving funds) that would support economic development activities planned for 2006-2007. Finally, as a necessary complement to participatory village development planning, CBR provided training on methods and approaches to writing successful project proposals for submission to government and donor organizations.

In February 2006, CSO leaders and community members took part in specialized three-day leadership training sessions ("Operacy" training) that focused on personal empowerment and essential leadership qualities.

> Without Chevron's support we might be stuck in an abyss, unable to rise, unable to know happiness again.
>
> *M. Adam AR,*
> *Village leader, Baroh Geunteut*

Approximately 30 men and women from each community participated in these events, which aimed to promote and nurture an attitude toward and acceptance of individual responsibility that is conducive to effective participatory planning. Participatory community planning exercises followed these training courses, leading to the formulation of community mission and vision statements for local development.

## Community Action Plans

After completing initial training activities, CBR assisted community leaders and other representatives to prepare five-year Community Development Plans, of which Community Action Plans for 2006-2007 formed the basis. Recognizing that no single donor can provide funding for all the diverse short- and long-term needs in each community, CBR worked with community leaders to understand the resource requirements of various components of the Action Plans, and to develop strategies to address them (e.g., the use of revolving loans, micro-credit, and direct grants from various donors). It is important to note that the Community Action Plans were not simply a prerequisite for receiving USAID and Chevron



Participatory community planning

funds. Rather, they represented the needs and priorities of these communities—needs and priorities that might be supported by the Government of Indonesia, USAID, other bi- and multilateral donors, local and international NGOs, and the communities themselves.

The Action Plans revealed the needs and aspirations of these communities as defined by the communities themselves. As work plans were finalized and gaps in funding became apparent, village leaders prepared proposals for submission to USAID which addressed critical needs, such as: village infrastructure, including a village office in each village to coordinate present and future development initiatives; recovery of local industry— particularly rice production; and capacity of community members to take advantage of newly emerging economic opportunities. Given the general lack of other donor programming, Chevron funding was particularly helpful, supporting a range of activities in each village that, in most cases, benefited all six villages equally:

- Almost 11 kilometers of irrigation canal rehabilitated;
- 280 hectares of productive agricultural land prepared for planting of rice and other field crops;
- Over 20 kilometers of fencing erected around agricultural land to protect crops from grazers, such as cows, water buffalo or wild boar;

- 15 community centers constructed—including women's activities centers and youth halls;
- 2 large fishing boats (*palong*), customized for overnight fishing, provided—capacity of 20-25 fishermen; and
- 7 recreation facilities rehabilitated—including soccer fields and volleyball courts.



Men, women and youth worked to clear agriculture in the first stages of USAID/Chevron's engagement with the six Lhoong villages



By July 2006, 20 hectares of rice field were sowed, with an expected yield of 48,000 kgs of milled rice

**Local Development Planning**

Comprehensive planning for village recovery is a critical activity for participating villages because it provides a long-term framework for their recovery and encourages teamwork in managing local resources with a goal of local development. Village planning began with the preparation of simple five-year development vision and mission statements, followed by the formulation of sector plans by technical groups. Community leaders summarized sector plans as elements of Community Action Plans for 2006-2007.

Ensuring that local planning efforts feed into provincial and national planning frameworks is an important challenge. Done in isolation, the Community Action Plans have little lasting impact. CBR will work with participating villages in mid-2007 to update and re-formulate their plans for presentation to local authorities. CBR will work with community leaders to seek assistance and cooperation of local and provincial government offices to ensure that planning efforts are integrated with provincial and national planning processes.

> Success is making people happy. It is important because we do not live by ourselves, but with other people.
>
> *Ninik Maharani, Villager*

**Maintaining Village Infrastructure Inputs**

As construction activities were completed CBR worked with communities and local government to ensure proper transfer of ownership of assets to villages and government agencies, as appropriate. Transfers are formally complete when the recipient signs an Asset Transfer Letter, acknowledging receipt of the asset and acceptance of responsibilities for its use and maintenance. Recipient communities have some but not all of the skills required to manage and maintain community assets. As a result, CBR will work with community leaders in the first half of 2007 to build local capacity to manage and maintain community assets. Training events will cover topics associated with the maintenance of village assets, administration and replacement costs associated with operation of public infrastructure, and management of community enterprises.

3

Personal empowerment and leadership training provided to local leaders with Chevron support has helped the people of Baroh Blangmee, Baroh Geunteut, Teungoh Geunteut, Lamkuta Blangmee, Teungoh Blangmee and Umong Seuribee villages to be more proactive in charting a course for their future. Village-led CSOs, also supported by Chevron, have strengthened the management capacity of these villages, increasing their efficiency and effectiveness in governing local assets. Chevron support—particularly in this area, where few other donors were active immediately following the disaster—has had a significant impact on the lives of the people living in these villages, helping them build a strong foundation for future growth and prosperity.

# USAID CBR Initiative: Chevron-supported Villages
*Financial Summary*

**Total Grant Funding = $1,500,000**

| Village/District | Grantee/Village CSO | Total Grant Value |
|---|---|---|
| *Livelihood 1 Grants* | | |
| Umong Seuribee | Pemuda Muhammadiyah Nanggroe Aceh Darussalam | $65,996.86 |
| Teungoh Blangmee | Pemuda Muhammadiyah Nanggroe Aceh Darussalam | $49,477.40 |
| Baroh Blangmee | Pemuda Muhammadiyah Nanggroe Aceh Darussalam | $58,391.90 |
| Lamkuta Blangmee | Pemuda Muhammadiyah Nanggroe Aceh Darussalam | $53,936.41 |
| Baroh Geunteut | Pemuda Muhammadiyah Nanggroe Aceh Darussalam | $55,640.06 |
| Teungoh Geunteut | Pemuda Muhammadiyah Nanggroe Aceh Darussalam | $59,795.24 |
| *Capacity Building Grants* | | |
| Umong Seuribee | Yayasan Peumakmu Blangme | $7,199 |
| Teungoh Blangmee | Yayasan Peumakmu Blangme | $6,627 |
| Baroh Blangmee | Yayasan Peumakmu Blangme | $6,880 |
| Lamkuta Blangmee | Yayasan Peumakmu Blangme | $8,621 |
| Baroh Geunteut | Yayasan Peumakmu Blangme | $6,535 |
| Teungoh Geunteut | Yayasan Peumakmu Blangme | $6,803 |
| *Livelihoods 2 Grants* | | |
| Umong Seuribee | Yayasan Peumakmu Blangme | $8,173 |
| Teungoh Blangmee | Yayasan Peumakmu Blangme | $7,849 |
| Baroh Blangmee | Yayasan Peumakmu Blangme | $5,751 |
| *Livelihoods 3 Grants* | | |
| Umong Seuribee | Yayasan Peumakmu Blangme | $30,275 |
| Teungoh Blangmee | Yayasan Peumakmu Blangme | $66,129 |
| Baroh Blangmee | Yayasan Peumakmu Blangme | $39,345 |
| Lamkuta Blangmee | Yayasan Peumakmu Blangme | $80,314 |
| Baroh Geunteut | Yayasan Peumakmu Blangme | $28,556 |
| Teungoh Geunteut | Yayasan Peumakmu Blangme | $66,643 |
| *Livelihoods 4 Grants* | | |
| Umong Seuribee | Yayasan Peumakmu Blangme | $80,750 |
| Teungoh Blangmee | Yayasan Peumakmu Blangme | $52,622 |
| Baroh Blangmee | Yayasan Peumakmu Blangme | $77,777 |
| Lamkuta Blangmee | Yayasan Peumakmu Blangme | $73,965 |
| Baroh Geunteut | Yayasan Peumakmu Blangme | $74,918 |
| Teungoh Geunteut | Yayasan Peumakmu Blangme | $56,054 |
| *Livelihoods 5 Grants* | | |
| Teungoh Blangmee | Yayasan Peumakmu Blangme | $41,557 |
| Baroh Blangmee | Yayasan Peumakmu Blangme | $37,579 |
| *Miscellanneous Grant/s* | | |
| Mukim Blangmee | Yayasan Peumakmu Blangme | $63,627 |
| Mukim Blangmee | Yayasan Peumakmu Blangme | $50,981 |
| Mukim Blangmee | Yayasan Peumakmu Blangme | $81,628 |
| Mukim Blangmee | Yayasan Peumakmu Blangme | $87,646 |
| | **Total =** | **$1,498,040** |
| | **Total Contribution =** | **$1,500,000** |
| | **Over-spending * =** | **$1,960** |

*\* Over-spending was covered by USAID funds.*

## USAID CBR Initiative  Chevron-supported Villages
*Grant Award Activities Summary*

**Total Grant Funding    $1,500,000**

*Livelihood 1 Grants*

| Village/District | Start Date | End Date | Summary | Output/s |
|---|---|---|---|---|
| Umong Seurbee | 20-Jun-05 | 30-Sep-05 | This is the second grant with the community. Like the first grant, this second grant (livelihood1) is intended to motivate the community to move toward self-rehabilitation. This will be done by providing short-term employment and income generation opportunities, as well as materials, technical and logistical support in order to [1] clear rice fields; [2] clear irrigation canals; [3] construct a village office; [4] fence agricultural land; [5] provide trees; [6] rehabilitate volleyball court; and, [7] provide chairs and tables for students. | [1] 100 ha of paddy fields cleaned;<br>[2] 1000 meters of irrigation canal cleaned;<br>[3] One village office constructed and equipped with adequate office equipment and working sanitation facilities;<br>[4] 100 ha of rice field fenced;<br>[5] One volleyball court constructed;<br>[6] 100 chairs and tables provided;<br>[7] Trees will have been provided to the community; and<br>[8] 200 people temporarily employed (5600 person-days of labor). |
| Teungoh Blangmee | 20-Jun-05 | 30-Sep-05 | This is the second grant with the community. Like the first grant, this second grant (livelihood1) is intended to motivate the community to move toward self-rehabilitation. This will be done by providing short-term employment and income generation opportunities, as well as materials, technical and logistical support in order to [1] clear rice fields; [2] construct a village office; [3] fence agricultural land; [4] provide trees; [5] rehabilitate volleyball court; and, [6] provide chairs and tables for students. | [1] 100 ha of paddy fields cleaned;<br>[2] One village office will have been constructed and equipped with adequate office equipment and working sanitation facilities;<br>[3] 100 ha of rice field fenced;<br>[4] One volleyball court constructed;<br>[5] 20 chairs and tables provided;<br>[6] Trees will have been provided to the community; and<br>[7] 100 people temporarily employed (2800 person-days of labor). |
| Baroh Blangmee | 20-Jun-05 | 30-Sep-05 | This is the second grant with the community. Like the first grant, this second grant (livelihood1) is intended to motivate the community to move toward self-rehabilitation. This will be done by providing short-term employment and income generation opportunities, as well as materials, technical and logistical support in order to [1] clear rice fields; [2] clear irrigation canal; [3] clean creek; [4] construct a village office; [5] fence agricultural land; [6] provide trees; and, [7] rehabilitate volleyball court. | [1] 150 ha of paddy fields cleaned;<br>[2] 2000 meters of irrigation canal cleaned;<br>[3] 1000 meters of creek cleaned;<br>[4] One village office constructed and equipped with adequate office equipment and working sanitation facilities;<br>[5] 150 ha of rice field fenced;<br>[6] One volleyball court constructed;<br>[7] Trees provided to community; and<br>[8] 150 people temporarily employed (4200 person-days of labor). |
| Lamkua Blangmee | 20-Jun-05 | 30-Sep-05 | This is the second grant with the community. Like the first grant, this second grant (livelihood1) is intended to motivate the community to move toward self-rehabilitation. This will be done by providing short-term employment and income generation opportunities, as well as materials, technical and logistical support in order to [1] clear rice fields; [2] clear irrigation canal; [3] construct a village office; [4] fence agricultural land; [5] provide trees; and, [6] rehabilitate volleyball court. | [1] 150 ha of paddy fields cleaned;<br>[2] 1000 meters of irrigation canal cleaned;<br>[3] One village office constructed and equipped with adequate office equipment and working sanitation facilities;<br>[4] 150 ha of rice field fenced;<br>[5] One volleyball court constructed;<br>[6] Trees provided to community; and<br>[7] 150 people temporarily employed (4200 person-days of labor). |
| Baroh Geunteut | 20-Jun-05 | 30-Sep-05 | This is the second grant with the community. Like the first grant, this second grant (livelihood1) is intended to motivate the community to move toward self-rehabilitation. This will be done by providing short-term employment and income generation opportunities, as well as materials, technical and logistical support in order to [1] clear rice fields; [2] clear irrigation canal; [3] clear creek; [4] construct a village office; [5] fence agricultural land; [6] provide trees; [7] rehabilitate volleyball court; and, [8] provide chairs and tables to students. | [1] 150 ha of paddy fields cleaned;<br>[2] 2000 meters of irrigation canal cleaned;<br>[3] 1000 meters of creek cleaned;<br>[4] One village office constructed and equipped with adequate office equipment and working sanitation facilities;<br>[5] 150 ha of rice field fenced;<br>[6] One volleyball court constructed;<br>[7] 30 chairs and tables provided for students;<br>[8] Trees provided to community; and<br>[9] 150 people temporarily employed (4200 person-days of labor). |
| Teungoh Geunteut | 20-Jun-05 | 30-Sep-05 | This is the second grant with the community. Like the first grant, this second grant (livelihood1) is intended to motivate the community to move toward self-rehabilitation. This will be done by providing short-term employment and income generation opportunities, as well as materials, technical and logistical support in order to [1] clear rice fields; [2] clear irrigation canal; [3] clear creek; [4] construct a village office; [4] fence agricultural land; [5] provide trees; [6] rehabilitate volleyball court; and, [7] provide chairs and tables to students. | [1] 150 ha of paddy fields cleaned;<br>[2] 2000 meters of irrigation canal cleaned;<br>[3] 1000 meters of creek cleaned;<br>[4] One village office constructed and equipped with adequate office equipment and working sanitation facilities;<br>[5] 150 ha of rice field fenced;<br>[6] One volleyball court constructed;<br>[7] 30 chairs and tables provided for students;<br>[8] Trees provided to community; and<br>[9] 150 people temporarily employed (4200 person-days of labor). |

**USAID CBR Initiative  Chevron-supported Villages**
*Grant Award Activities Summary*

**Total Grant Funding    $1,500,000**

| Village/District | Start Date | End Date | Summary | Output/s |
|---|---|---|---|---|
| *Capacity Building Grants* | | | | |
| Umong Seurbee | 12-Jan-06 | 31-Dec-06 | This grant will assist the community by [1] building their leadership and management capacity; [2] establishing a psychological support group; [3] providing men, women, and youth with vocational training; and, [4] promoting activities to achieve greater community cohesiveness. | [1] Thirty (30) village leaders and CSO managers trained in leadership skills; [2] Four (4) village leaders and four (4) CSO managers trained in community resource management skills; [3] Effective community support group established and operating to provide counseling to community members; and [4] 85 persons received training to increase incomes. |
| Teungoh Blangmee | 12-Jan-06 | 31-Dec-06 | This grant will assist the community by [1] building their leadership and management capacity; [2] establishing a psychological support group; [3] providing men, women, and youth with vocational training; and, [4] promoting activities to achieve greater community cohesiveness. | [1] Thirty (30) village leaders and CSO managers trained in leadership skills; [2] Four (4) village leaders and four (4) CSO managers trained in community resource management skills; [3] Effective community support group established and operating to provide counseling to community members; and [4] 65 persons received training to increase incomes. |
| Baroh Blangmee | 12-Jan-06 | 31-Dec-06 | This grant will assist the community by [1] building their leadership and management capacity; [2] establishing a psychological support group; [3] providing men, women, and youth with vocational training; and, [4] promoting activities to achieve greater community cohesiveness. | [1] Thirty (30) village leaders and CSO managers trained in leadership skills; [2] Four (4) village leaders and four (4) CSO managers trained in community resource management skills; [3] Effective community support group established and operating to provide counseling to community members; and [4] 65 persons received training to increase incomes. |
| Lamkuta Blangmee | 12-Jan-06 | 31-Dec-06 | This grant will assist the community by [1] building their leadership and management capacity; [2] establishing a psychological support group; [3] providing men, women, and youth with vocational training; and, [4] promoting activities to achieve greater community cohesiveness. | [1] Thirty (30) village leaders and CSO managers trained in leadership skills; [2] Four (4) village leaders and four (4) CSO managers trained in community resource management skills; [3] Effective community support group established and operating to provide counseling to community members; and [4] 85 persons received training to increase incomes. |
| Baroh Geunteut | 12-Jan-06 | 31-Dec-06 | This grant will assist the community by [1] building their leadership and management capacity; [2] establishing a psychological support group; [3] providing men, women, and youth with vocational training; and, [4] promoting activities to achieve greater community cohesiveness. | [1] Thirty (30) village leaders and CSO managers trained in leadership skills; [2] Four (4) village leaders and four (4) CSO managers trained in community resource management skills; [3] Effective community support group established and operating to provide counseling to community members; and [4] 45 persons received training to increase incomes. |
| Teungoh Geunteut | 12-Jan-06 | 31-Dec-06 | This grant will assist the community by [1] building their leadership and management capacity; [2] establishing a psychological support group; [3] providing men, women, and youth with vocational training; and, [4] promoting activities to achieve greater community cohesiveness. | [1] Thirty (30) village leaders and CSO managers trained in leadership skills; [2] Four (4) village leaders and four (4) CSO managers trained in community resource management skills; [3] Effective community support group established and operating to provide counseling to community members; and [4] 45 persons received training to increase incomes. |
| *Livelihoods 2 Grants* | | | | |
| Umong Seurbee | 17-Apr-06 | 30-Jun-06 | The CSO and the community have identified the need to rehabilitate the Geunteut irrigation scheme (154 ha). This initiative will be divided into two components funded through separate agencies. The headwork's and main canal will be funded by ADB and the tertiary canals, water user association facilities and land reclamation by USAID/UNOCAL. The rehabilitation of the tertiary canals and paddy field will be funded through a series of grants to ensure that a proportion of the command area can be utilized in the April planting season through a topographic survey. | [1] 20 ha of agricultural land irrigated and planted with rice/palawija in Apr't; [2] 100 meters of irrigation canal and water gates temporarily rehabilitated for the April planting season; [3] 200 meters of damaged and destroyed tertiary canals cleared of regrowth and debris in preparation for topographical survey; and [4] 5 women and 45 men temporarily employed (500 person-days of labor). |
| Teungoh Blangmee | 17-Apr-06 | 30-Jun-06 | The CSO and the community have identified the need to rehabilitate the Geunteut irrigation scheme (154 ha). This initiative will be divided into two components funded through separate agencies. The headwork's and main canal will be funded by ADB and the tertiary canals, water user association facilities and land reclamation by USAID/UNOCAL. The rehabilitation of the tertiary canals and paddy field will be funded through a series of grants to ensure that a proportion of the command area can be utilized in the April planting season whilst the rest will undergo a topographic survey. | [1] 20 ha of agricultural land irrigated and planted with rice/palawija in Apr't; [2] 75 meters of irrigation canal and water gates temporarily rehabilitated for the April planting season; [3] 150 meters of damaged and destroyed tertiary canals cleared of regrowth and debris in preparation for topographical survey; and [4] 5 women and 45 men temporarily employed (500 person-days of labor). |
| Baroh Blangmee | 17-Apr-06 | 30-Jun-06 | The CSO - Yayasan Peumakmu Blangmee - and the community itself have identified the need to rehabilitate the Geunteut irrigation scheme (154 ha). This initiative will be divided into two components funded through separate agencies. The headwork's and main canal will be funded by ADB and the tertiary canals, water user association facilities and land reclamation by USAID/UNOCAL. The rehabilitation of the tertiary canals and paddy field will be funded through a series grants to ensure that a proportion of the command area can be utilized in the April planting season whilst the rest will undergo a topographic survey. | [1] 12 ha of agricultural land irrigated and planted with rice/palawija in Apr't; [2] 170 meters of irrigation canal and water gates temporarily rehabilitated for the April planting season; [3] 350 meters of damaged and destroyed tertiary canals cleared of regrowth and debris in preparation for topographical survey; and [4] 5 women and 45 men temporarily employed (500 person-days of labor). |

**USAID CBR Initiative  Chevron-supported Villages**
*Grant Award Activities Summary*

**Total Grant Funding   $1,500,000**

*Livelihoods 3 Grants*

| Village/District | Start Date | End Date | Summary | Output/s |
|---|---|---|---|---|
| Ulmong Seuribee | 15-Jul-06 | 28-Feb-07 | SPD was successful in formalizing the village-level CSO membership and legal status, as well as concluding capacity building activities that resulted in a set of priorities embodied in a Community Action Plan (CAP). It is now time to implement follow-on activities that address specific priorities that have been identified by the community itself. These priorities are  [1] rehabilitation of irrigation canal (1500m); [2] rehabilitation of soccer field; and [3] provision of equipment for the PKK. The program will be implemented by the village CSO in concert with SPD staff, a process that is expected to further strengthen the CSO's capacity to manage community development programs. | [1] 1500 meters of damaged and destroyed tertiary canals rehabilitated;<br>[2] 9900m2 soccer field rehabilitated;<br>[3] PKK equipment provided; and<br>[4] Village CSO more experienced in managing and implementing community development programs. |
| Teungoh Blangmee | 15-Jul-06 | 31-Jul-07 | SPD was successful in formalizing the village-level CSO membership and legal status, as well as concluding capacity building activities that resulted in a set of priorities embodied in a Community Action Plan (CAP). It is now time to implement follow-on activities that address specific priorities that have been identified by the community itself. These priorities are  [1] construct and equip a PKK office; and [2] procure a twin hull fishing boat. These activities will be implemented by the village CSO in concert with SPD staff, a process that is expected to further strengthen the CSO's capacity to manage community development programs. | [1] PKK office constructed and equipped;<br>[2] Twin hull fish boat provided; and<br>[3] Village CSO more experienced in managing and implementing community development programs. |
| Baroh Blangmee | 15-Jul-06 | 28-Feb-07 | SPD was successful in formalizing the village-level CSO membership and legal status, as well as concluding capacity building activities that resulted in a set of priorities embodied in a Community Action Plan (CAP). It is now time to implement follow-on activities that address specific priorities that have been identified by the community itself. One priority is to construct and equip the PKK office. This activity will be implemented by the village CSO in concert with SPD staff, a process that is expected to further strengthen the CSO's capacity to manage community development programs. | [1] PKK office constructed and equipped;<br>[2] Village CSO more experienced in managing and implementing community development programs. |
| Lamkuta Blangmee | 15-Jul-06 | 31-Jul-07 | SPD was successful in formalizing the village-level CSO membership and legal status, as well as concluding capacity building activities that resulted in a set of priorities embodied in a Community Action Plan (CAP). It is now time to implement follow-on activities that address specific priorities that have been identified by the community itself. These priorities are  [1] fencing for community center (207m); [2] construction of a village health clinic; and [3] procurement of a twin hull fishing boat. These activities will be implemented by the village CSO in concert with SPD staff, a process that is expected to further strengthen the CSO's capacity to manage community development programs. | [1] Community center fenced (207 meters);<br>[2] Village clinic constructed;<br>[3] Twin hull fishing boat provided; and<br>[4] Village CSO more experienced in managing and implementing community development programs. |
| Baroh Geunteut | 15-Jul-06 | 28-Feb-07 | SPD was successful in formalizing the village-level CSO membership and legal status, as well as concluding capacity building activities that resulted in a set of priorities embodied in a Community Action Plan (CAP). It is now time to implement follow-on activities that address specific priorities that have been identified by the community itself. These priorities are  [1] connect houses (97) to the water supply; [2] provision of tractor. These activities will be implemented by the village CSO in concert with SPD staff, a process that is expected to further strengthen the CSO's capacity to manage community development programs. | [1] 97 houses connected to the water supply;<br>[2] Tractor provided; and<br>[3] Village CSO more experienced in managing and implementing community development programs. |
| Teungoh Geunteut | 15-Jul-06 | 28-Feb-07 | SPD was successful in formalizing the village-level CSO membership and legal status, as well as concluding capacity building activities that resulted in a set of priorities embodied in a Community Action Plan (CAP). It is now time to implement follow-on activities that address specific priorities that have been identified by the community itself. These priorities are  [1] connect houses (99) to the water supply; [2] construct and equip a PKK office; and [3] provision of a tractor. These activities will be implemented by the village CSO in concert with SPD staff, a process that is expected to further strengthen the CSO's capacity to manage community development programs. | [1] 99 houses connected to the water supply;<br>[2] PKK office constructed and equipped;<br>[3] Tractor provided; and<br>[4] Village CSO more experienced in managing and implementing community development programs. |

8

**USAID CBR Initiative  Chevron-supported Villages**
*Grant Award Activities Summary*

**Total Grant Funding    $1,500,000**

*Livelihoods 4 Grants*

| Village/District | Start Date | End Date | Summary | Output/s |
|---|---|---|---|---|
| Umong Seuribee | 10-May-07 | 31-Jul-07 | This grant intends to support  [1] the construction of small community infrastructure--youth center; and [2] the development of household enterprises--perennial trees (nutmegs) and cash cropping (ch lies). The grant will also contir to focus on human resource development within the commun ty through the running of a series of leadership and empowerment trainings--CoOperacy, and conflict management & resolution, as well as vocational and skills development for small business. Proposal activities will be implemented by the CSO and community supported by SPD field staff. | [1] Youth center (9m x 6m) constructed and equipped; [2] 9000 nutmeg saplings distributed to 150 households; [3] Seeds and materials for chili production distributed to 6 households; [4] 30 persons attended vocational training; [5] 30 persons trained in CoOperacy; and [6] 30 persons trained in conflict management and resolution. |
| Teungoh Blangmee | 26-Mar-07 | 31-Jul-07 | This grant intends to support the construction of small community infrastructure--installation of 5 tube wells and fencing community, youth & women's activities centers. The grant will also continue to focus on human resource development within the community through the running of a series of leadership and empowerment trainings--CoOperacy, and conflict management & resolution. Proposal activities will be implemented by the CSO and the local community supported by S field staff. | [1] Women's, youth and community centers fenced; [2] 5 tube wells (20m deep) constructed and insta led; [3] 30 persons trained in CoOperacy; and [4] 30 persons trained in conflict mitigation and management. |
| Baroh Blangmee | 20-Mar-07 | 31-Jul-07 | This grant intends to support  [1] the construction of small community infrastructure--village cooperative office and youth center; [2] the development of community enterprises--v llage cooperative; and [3] the development of household enterprises--baking and cake making, chili production and fruit tree orchards. The grant will also continue to focus on human resource development within the community through the running of a series of leadership and empowerment trainings--'CoOperacy', and 'Conflict management and resolution', as well as vocational and skills development for smal business. Proposal activities will be implemented by the CSO and local community supported by SPD field staff. | [1] Village cooperative office (10mx12m) constructed; [2] 3 ha of chili planted by 7 households; [3] 1200 fruit trees distr buted to 8 households; [4] Cake making small enterprise established; [5] Youth center constructed and equipped; [6] 20 person (10 men & 10 women) receive vocational skills training; [7] 30 persons trained in 'CoOperacy'; and [8] 30 persons trained in 'Conflict management and resolution'. |
| Lamkuta Blangmee | 15-Mar-07 | 31-Jul-07 | This grant intends to support  [1] the construction of small community infrastructure --  women's activity (PKK) center, and a youth center; and [2] the development of community / group enterprises - - provision of rental equipment to PKK women's group. The grant will also continue to focus on human resource development within the commun ty through the running of a series of leadership and empowerment trainings -- CoOperacy, and Conflict management & resolution,, Proposal activ ties w l be implemented by the CSO and local community supported by SPD field staff. | [1] 1 Women  (PKK) Center (10m x 12m) constructed and equipped; [2] Youth centre constructed and equipped; [3] 30 persons trained in 'CoOperacy'; [4] 30 persons trained in 'Conflict mitigation and management'; and [5] Village CSO more experienced in managing and implementing community development programs. |
| Baroh Geunteut | 10-Apr-07 | 31-Jul-07 | This grant intends to support [1] the construction of small community infrastructure--women's activities center and youth center; and [2] the development of household enterprises--fruit tree planting and production. The grant will also continu focus on human resource development within the community through the running of a series of leadership and empowerment trainings--CoOperacy, and conflict management & resolution. Proposal activities wil be implemented by the CSO and local community supported by SPD field staff. | [1] Women's activities center (14mx6m) constructed and equipped; [2] Youth center (6mx6m) constructed and equipped; [3] Fruit trees (1200 rambutan saplings; 1100 banana suckers) distributed; [4] 30 persons trained in CoOperacy; and [5] 30 persons trained in conflict mitigation and management. |
| Teungoh Geunteut | 10-Apr-07 | 31-Jul-07 | This grant intends to support [1] the construction of small community infrastructure -- shelter and meeting place for farmers, and [2] the development of household enterprises -- fruit tree production. The grant will also continue to focus on human resource development within the community through the running of a series of leadership and empowerment trainings -- CoOperacy, and 'Conflict management & resolution',. Proposal activities will be implemented by the CSO and community supported by SPD field staff. | [1] Construction of  2 unit of Farmer Shelters (9m x 6m); [2] Distribution of fruit trees (1,200 rambutan saplings & 1,100 banana suckers); [3] 30 persons trained in 'CoOperacy'; and [4] 30 persons trained in 'Conflict mitigation and management'. |

9

**USAID CBR Initiative  Chevron-supported Villages**
*Grant Award Activities Summary*

**Total Grant Funding    $1,500,000**

| Village/District | Start Date | End Date | Summary | Output/s |
|---|---|---|---|---|
| *Livelihoods 5 Grants* | | | | |
| Teungoh Blangmee | 20-May-07 | 15-Jul-07 | This grant is part of the process of the transfer of assets and infrastructure provided to the community by USAID. This grant will be implemented in Lamkuta Blangmee, Teungoh Blangmee, Umong Seuribee villages of Lhoong Sub-district. It is based on assets and infrastructure meeting minimum design specifications as laid out in the program guidelines on quality control standards. Once the assets/infrastructure are deemed to have met these standards they will be transferred to the community upon which they become the responsibility of the community to manage and maintain. The sites will be inspected by SPD staff members, who will draft a scope of work (SoW) and bill of quantity regarding asset improvement, as necessary. | [1] Lamkuta Blangmee  community center and village office transferred to village possession; [2] Teungoh Blangmee  community center transferred to village possession; and [3] Umong Seuribee community center and village office transferred to village possession. |
| Baroh Blangmee | 20-May-07 | 31-Jul-07 | This grant is part of the process of the transfer of assets and infrastructure provided to the community by USAID. This grant will be implemented in Baroh Blangmee, Baroh Geunteut and Teungoh Geunteut villages of Lhoong Sub-district. It is based on assets and infrastructure meeting minimum design specifications as laid out in the program guidelines on quality control standards. Once the assets/infrastructure are deemed to have met these standards they will be transferred to the community upon which they become the responsibility of the community to manage and maintain. The sites will be inspected by SPD staff members, who will draft a scope of work (SoW) and bill of quantity regarding asset improvement, as necessary. | [1] Baroh Blangmee  community center and village office transferred to village possession; [2] Baroh Geunteut  community center and village office transferred to village possession; and [3] Teungoh Geunteut  community center and village office transferred to village possession. |
| *Miscellanneous Grant/s* | | | | |
| Mukim Blangmee | 7/5/2006 | 2/28/2007 | This proposal is in support of the construction and equipping of a Mukim office for the CBR Lhoong cluster. The office will act as a center of information management and provide administrative oversight to the 6 villages in the Lhoong 1 and Lhoong 2 clusters. The mukim has played a central leadership role as an advisor and arbiter to the 6 village leaders. The Keujeureun Blang (Head of Kemukiman Farmer Group), and the CSO for the Lhoong Clusters will also operate out of the Mukim office. It will also act as the base for the CD staff for the duration of the GDA program. The program will be carried out by the community over a 4 month period. | [1] One mukim office constructed and equipped. |
| Mukim Blangmee | 5/15/2007 | 7/31/2007 | This grant intends to support [1] the construction of small community infrastructure -- rehabilitation of tertiary canal and water management structures in Geunteut irrigation system. Proposal activities will be implemented by the village CSO supported by SPD field staff. | [1] Rehabilitation of 3500m of tertiary irrigation canals including water control structures. |
| Mukim Blangmee | 5/15/2007 | 7/31/2007 | This grant intends to support [1] the construction of small community infrastructure -- rehabilitation of secondary canal system in Geunteut. Proposal activities will be implemented by the village CSO supported by SPD field staff. | [1] 1,800m of secondary irrigation canal rehabilitated. |
| Mukim Blangmee | 5/10/2007 | 7/25/2007 | This grant intends to support [1] the construction of small community infrastructure -- access road, drainage system and retaining wall around the mukim's office, [2] the development of communty enterprises -- rice mill, motorcycle workshop and coffee roasting enterprise. The grant will also continue to focus on human resource development within the community through the running of a program of workshops and trainings on development planning and the communities' engagement in the decentralised government planning process (Musrenbang). Proposal activities will be implemented by the CSO and community supported by SPD field staff. | [1] 180 persons (30 person x 6 villages) attended Musrenbang village development planning; [2] Access road and drainage system constructed; [3] Retaining wall constructed; [4] Women's enterprise center constructed; [5] Motorcycle workshop constructed and equipped; and [6] Rice mill constructed and equipped. |

# CASE STUDY
## USAID Partners with Private Sector to Support Local Recovery

**USAID works with private sector partners to facilitate local recovery by handing responsibility for key decisions to communities.**



David Pottebaum, DAI-SPD

*Community members in Teumareum, Aceh Jaya, clear debris from their fields as part of a short-term employment generation activity supported by USAID and GDA partner ConocoPhillips Indonesia.*

**CHALLENGE.** The 26 December 2004 earthquake and tsunami devastated much of coastal Aceh and caused enormous human suffering. Affected communities face numerous challenges as they rebuild their lives. Most important in this process of recovery is ensuring that donors understand—and act upon—their hopes and aspirations regarding the direction and pace of recovery. USAID recognized the importance of placing communities in charge of the recovery effort early on and designed a program that handed key decision-making authority to local leaders—the Community-Based Recovery (CBR) initiative.

In the weeks following the disaster, employees of Chevron (formerly Unocal Foundation) and ConocoPhillips Indonesia donated $2.7 million for tsunami recovery assistance. After visiting communities participating in the CBR Initiative, Chevron and ConocoPhillips decided to channel their assistance through USAID to 11 villages with a combined population of 4,035 persons. These partnerships with USAID began in June and July 2005 and were founded on a mutual desire to place communities at the forefront of the recovery process.

**INITIATIVE.** These public-private partnerships—part of USAID's worldwide Global Development Alliance—have funded a range of activities. To jump-start recovery, funding was used to generate short-term employment in affected communities. Subsequent funding supported leadership and empowerment training events, and the formulation of community action plans in participating villages. Participatory planning activities helped communities identify their priorities for local recovery, and supported local ownership of the recovery process. The result is a demand-driven program that assists communities to rehabilitate basic social and economic infrastructure, building a foundation for sustainable recovery and development, ensuring that USAID, Chevron, and ConocoPhillips fund appropriate activities that achieve measurable results.

**RESULTS.** As of July 2006, USAID has awarded nearly $2 million in grant funding through these partnerships to support community recovery. Initial activities focused on clearing debris from agriculture land and the rehabilitation of small-scale infrastructure. More than 17 kilometers of drainage and irrigation canals and 1,940 hectares of agricultural land were cleared of debris; 11 village offices, 11 community centers, and 13 recreation facilities were constructed. These activities generated more than 102,000 person-days of labor and distributed nearly $490,000 in cash payments to workers. In addition, 330 people have participated in leadership training, while another 790 will receive vocational training. Activities to re-establish livelihoods are on-going. With newly skilled leaders to manage these livelihoods and social recovery activities that put their own goals at the forefront of their recovery, community members are confident that the future will be more secure and prosperous.

U.S. Agency for International Development
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## CASE STUDY

# Replanting for the Future

**USAID supports six villages in effort to reestablish livelihoods and community life**



*On July 11, following a week of hard work clearing and rehabilitating irrigation canals and water gates in each of the six villages of Lhoong, Aceh Besar, agriculture leaders invited representatives from USAID and Global Development Alliance partner Chevron to a rice planting ceremony. It was the first such ceremony since the tsunami devastated these villages' infrastructure and livelihoods.*

**CHALLENGE** The Community Action Plans for the six villages of Lhoong were completed in March 2006, and after a discussion on prioritization of the over 300 total activities presented in the village plans, the mukim-level CSO worked with SPD facilitators to formulate a series of grant proposals. Given that funding from USAID and Global Development Alliance partner Chevron is not unlimited, villagers included in these first proposals their most urgent needs for the reestablishment of their livelihoods and community life.

Among the most urgent needs was the repair and rehabilitation of the Geunteut irrigation system that served all six villages, but had fallen into disrepair and then badly damaged by the tsunami.

**INITIATIVE** During discussions in the early months of 2006, USAID facilitators and the village water users association learned that although the Asian Development Bank already had plans underway to rebuild the headworks and many of the primary and secondary canals, the tertiary and smaller canals of the system, serving over 100 hectares of rice fields, would still need rehabilitation through another source of funding. Villagers were anxious to begin clearing and rehabilitating these small canals themselves with the goal of planting the communities' first rice crop since the December 2004 tsunami with supplies and a cash-for-work program provided by USAID/Chevron.

**RESULTS** In just under a week, 300 men and women from the six villages of Lhoong cleared 979 meters of irrigation canals and water gates and 1,930 meters of tertiary canals. The first planting began on 11 July 2006 in the villages of Teungoh Geunteut and Baroh Geunteut, in an event attended by representatives from both USAID and Chevron. The 20 hectares of rice planted in these two villages is expected to yield 48,000 kg of milled rice at harvest. Over the coming months, the other four villages plan to sow over 80 hectares of rice, for a total yield of 192,000 kg of milled rice expected during the first harvest.

*12 October 2006*

# FIRST PERSON
# Leading by Example

**Elementary school teacher works through USAID's Community-Based Recovery Initiative to help his village recover from the 2004 tsunami**



Nur Azmina Wahdiyani

*"The most rewarding aspect of CBR assistance is the fact that it works through the community, so that ideas come from the villagers themselves."*

-Fauzi, Village Secretary, Teungoh Blangmee

Charismatic and down-to-earth are the words that come to mind when meeting Fauzi, a 50-year-old elementary school teacher in Teungoh Blangmee, on the west coast of Indonesia's Aceh province. "Success is something that we want, work hard for, and are committed to," he says. He hopes to be an example to local youth, encouraging them to find happiness by striving to improve life in their village, as he himself does. In addition to his work teaching, he also serves as the Village Secretary. He lives with his two children, having lost another child and his wife to the devastating December 2004 tsunami. He now strives for calm and peace in his life and works to provide a safe home and good education to his children. For his community, he hopes for prosperity, sincere leadership, and devotion to God.

Fauzi says that USAID's Community-Based Recovery (CBR) Initiative has helped Teungoh Blangmee by involving villagers in their community's recovery. The tsunami left him with no possessions and, like many in his village, grieving for the loss of family and friends. But he and others in Teungoh Blangmee have been given a modicum of comfort and normalcy through activities such as the reconstruction of the village meeting center, completed with financial support from USAID and partner Chevron. In the meeting center, villagers gather to plan the recovery of their livelihoods, and feel the bonds of community once again. The most rewarding aspect of CBR assistance, says Fauzi, is the fact that it works through the community, so that ideas—and often labor—come from the villagers themselves, and outputs of the initiative benefit them directly. For example, the rehabilitation of rice fields and irrigation canals through cash-for-work projects not only helped prepare agricultural lands for planting, it also provided villagers much-needed livelihoods support.

Fauzi hopes that USAID continues to support projects that help the community manage village recovery and development, but he acknowledges that a time will come when USAID is no longer working in Teungoh Blangmee. Therefore, he believes the leadership skills he and others in the village have gained through CBR to be the most important and long-lasting output of USAID's engagement in his community.

# FIRST PERSON
# Working to Make a Positive Impact

**As a member of her community's civil society organization, 21-year-old Ninik helps fellow villagers rebuild and recover**



Nur Azmina Wahdiyani

*Success is making people happy. It is important because we do not live by ourselves, but with other people.*

—Ninik Maharani

Ninik Maharani is a busy young woman, but she smiles easily and often as she talks about her life in Lhoong, in the Indonesian province of Aceh. At the age of 21, she is already working as an elementary school teacher, volunteering at an orphanage for children who lost parents in the December 2004 tsunami, and acting as treasurer and administrative officer of her village's new civil society organization (CSO). The CSO was set up as an important part of USAID's Community-Based Recovery (CBR) Initiative in 56 villages throughout Aceh. To Ninik, the CSO is one of the best parts of the USAID initiative, because it helps community members direct donor funding in the village, then monitors progress and implementation, rather than just offering short-term assistance. "This [approach] is very important," she says, "because it increases the chances of the program achieving desired results."

Before the tsunami, Ninik was restless and thought about leaving her small village on the west coast of Aceh. After losing her parents in the tsunami, she stayed with relatives in another province for a few months. But she was drawn back to Lhoong, remembering her parents' words: "If we are not useful to others, what are we living for?" So she returned to the village and began working to help her community rebuild and recover. As a CSO leader, she feels able to address the real needs of the community. The community center built through CBR (with USAID and Chevron funding) is a good example: "We now have a center where many of our activities can take place and people can congregate." This is especially important as the community works to reestablish its institutions and livelihoods.

Ninik says that her work through CBR has made her a "proactive example who encourages others." Leadership, accounting, and management training sessions offered though CBR have had a strong positive impact on her and on the village, she says. "In the end, the community has to be able to be autonomous and manage its own future. Humanitarian assistance is fleeting, and we have to find our own way of continuing our community's development."

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## USAID SPD Community-Based Initiatives
## Monitoring and Assessing Progress and Impact

*This Version: September 2006*

Monitoring and assessing progress are important components of any project management system. Frequent monitoring helps ensure that program resources are delivered to and used by intended groups. SPD recognizes the importance of monitoring activities and assessing their results, particularly in disaster recovery and post-conflict reconstruction and reconciliation initiatives, and has designed and put into operation a comprehensive system to measure progress and impact.

The monitoring and assessment (M&A) system helps SPD answer not only questions regarding who is receiving and how they are using program resources, but, more important, whether program activities facilitate intended impact in stakeholder communities. It integrates quantitative and qualitative data, thereby facilitating a broad analysis of progress and enriching our understanding of the impact of SPD actions.

The foundation of the M&A system is the program framework, and the expression of objectives, outputs and activities contained in it. The framework defines what SPD plans to achieve and includes indicators for measuring progress. SPD periodically reviews its indicators to ensure they remain appropriate, measurable, and efficient.

Two general types of indicators are used to measure progress. The first type is <u>output indicators</u>. These tend to be quantitative and provide information regarding, for example, numbers of beneficiaries, infrastructure constructed and jobs created. SPD staff members regularly collect these data throughout the implementation of grant-funded activities. Data sources include grant agreements, finance and final reports, interviews with community representatives, and field visits.

The second indicator type is <u>impact indicators</u>. These are mostly qualitative and help SPD assess the impact of our activities and progress toward achievement of overall program objectives. Examples of these indicators include stakeholder perception of changes in well-being, and community perception of the capabilities of their leaders. Collection and analysis of such information provides rich insight into program results, highlights emerging opportunities, and helps SPD maintain focus on achieving desired impacts. It also facilitates investigation with various stakeholders of underlying assumptions and program strategies.

SPD collects information on impact indicators on a regular basis during program implementation. Sources of information include focus group discussions and interviews with community groups, village leaders, and government officials in the project locale. When collecting impact information, SPD staff members gather perspectives and triangulate input from a variety of sources. This generates a realistic impression of the positive and negative impacts of SPD activities.

The M&A system is designed to operate effectively and efficiently, channeling important information quickly to project managers. The focus is not on reports or on endless meetings

covering details of every activity supported. Instead, the system facilitates the flow of information regarding critical aspects of SPD activities to management and program development staff. It encourages them to quickly analyze and discuss this information, to learn from our experiences, and reach decisions regarding possible changes in program strategy or direction.

More simply stated, the system facilitates learning about what SPD is doing—opportunities seized, problems encountered and solutions applied, and impact achieved—and encourages quick application of lessons learned as points of reference in our daily work. Because of the highly dynamic environment that prevails in disaster and post-conflict environments—and the rapid changes this implies for programming in these situations—quick action based on accurate information is critical. The M&A system facilitates this.

While implementation of the M&A approach is not linear, and the monitoring-analysis-decision making cycle is continuous and interactive, its core elements include:

- Regular M&E Manager and Program Development Staff field visits to monitor and assess progress—for a representative sample of communities, interviews are conducted with key stakeholders and quantitative data are collected as appropriate (focus is on impact indicators; staff do not assess activities they developed in order to ensure unbiased investigations of progress and impact);
- Immediately after field visits, structured meetings with key staff to discuss findings, determine lessons learned and best practices and how they might be incorporated into new activities, and discuss implications for existing strategies and policies;
- Systematic collection of quantitative indictor data for all grant-funded activities, guided by the M&E Manager;
- Storage of quantitative data in the SPD project database (TAMIS) for analysis and documentation tasks;
- Documentation of key lessons learned and best practices; and
- Reports written as necessary.

The focus of the M&A system is on quick learning and quick applications of lessons to future activities. It aims to facilitate and encourage a cycle of learning that steadily builds staff knowledge of what works and what does not. Through participation in M&A activities, staff and stakeholders gain deeper understanding of the impact of their actions, and uncover information and identify alternatives which facilitate the making of better decisions.

Progress and impact assessments help illuminate the success of a project or initiative in relation to its objectives, and the extent to which intended beneficiaries have really benefited. They also provide a check on the use of SPD resources, and help us improve our work through the dissemination of information about project experience and outcome. By encouraging reflection and observation, assessments help us maintain focus on our larger objectives—the "big picture"— and help ensure that our actions and beliefs are in line with reality.

*This version: September 2006*

# USAID SPD – 2006-2007 Aceh CBR Initiative Output and Impact Progress Indicators

**Objective:** Empower civil society by building their capacity and capability to determine, plan, implement and manage the rehabilitation of their communities effectively and efficiently.

**Outputs:**
1. Substantial and sustainable improvement in livelihoods in target communities [*Livelihoods Milestones*];
2. Good governance practiced and nurtured in target communities [*Governance Milestones*]; and
3. A process for integrated community-driven recovery and development that can be adopted and adapted in other areas of Aceh.

Note: Black diamond = milestone achieve

| ID | Milestone/Indicator | Finish | Q1 06 Jan | Feb | Mar | Q2 06 Apr | May | Jun | Q3 06 Jul | Aug | Sep | Q4 06 Oct | Nov | Dec | Q1 07 Jan | Feb | Mar | Q2 07 Apr | May | Jun | Q3 07 Jul | Aug | Sep |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Livelihoods 1: Increased perception of well-being among villagers, improvement from September 2005 assessment | 8/30/2006 | | | | | | | | | ◇ | | | | | | | | | | | | |
| 2 | Livelihoods 2: Increased perception of well-being among villagers, improvement from August 2006 assessment | 1/1/2007 | | | | | | | | | | | | ◇ | | | | | | | | | |
| 3 | Livelihoods 3: Increased perception of well-being among villagers, improvement from December 2006 assessment | 8/17/2007 | | | | | | | | | | | | | | | | | | | | ◇ | |
| 4 | Governance 1: Village CSOs Formation (56 Villages) | 1/30/2006 | ◆ | | | | | | | | | | | | | | | | | | | | |
| 5 | Governance 2: Community Action Plan 2006-07 in 56 villages | 3/30/2006 | | | ◆ | | | | | | | | | | | | | | | | | | |
| 6 | Governance 4: Increased Community Participation in the Formulation and Ownership of Local Development Plans | 4/30/2006 | | | | ◆ | | | | | | | | | | | | | | | | | |
| 7 | Governance 3: Community Development Goals 2006-2011 in 56 villages | 5/30/2006 | | | | | | ◇ | | | | | | | | | | | | | | | |
| 8 | Governance 5: Revealed Capacity to Manage Donor Funding Thru Village CSOs | 8/30/2006 | | | | | | | | ◆ | | | | | | | | | | | | | |
| 9 | Governance 6: Revealed Capacity of Village Leaders to Prevent and Mitigate Conflict | 8/30/2006 | | | | | | | | ◇ | | | | | | | | | | | | | |
| 10 | Governance 7: Increased Coordination Between Village and Kecamatan | 8/30/2006 | | | | | | | | | ◇ | | | | | | | | | | | | |
| 11 | Governance 8: Community Action Plan 2007-08 in 56 villages, improvement over 2006-07 plan | 1/1/2007 | | | | | | | | | | | | Planning Activity Cancelled ✖ | | | | | | | | | |
| 12 | Governance 9: Increased Community Participation in the Formulation and Ownership of Local Development Plans, improvement from AugustI 2006 assessment | 1/1/2007 | | | | | | | | | | | | Planning Activity Cancelled ✖ | | | | | | | | | |
| 13 | Governance 10: Revealed Capacity to Manage Donor Funding Thru Village CSOs, improvement from August 2006 assessment | 8/17/2007 | | | | | | | | | | | | | | | | | | | ◇ | | |
| 14 | Governance 11: Revealed Capacity of Village Leaders to Prevent and Mitigate Conflict, improvement from August 2006 assessment | 8/17/2007 | | | | | | | | | | | | | | | | | | | ◇ | | |
| 15 | Governance 12: Increased Coordination Between Village and Kecamatan, improvement from August 2006 assessment | 8/17/2007 | | | | | | | | | | | | | | | | | | | ◇ | | |
| 16 | Governance 13: Revealed impact of Community Action Plan 2006-07 | 8/17/2007 | | | | | | | | | | | | | | | | | | | ◇ | | |
| 17 | Governance 14: Revealed progress in achieving community development goals 2006-11 | 8/17/2007 | | | | | | | | | | | | | | | | | | | ◇ | | |
| 18 | Process Milestone 1: Forum to Discuss CBR strategies, framework, processes and outcomes; BRR, WB, USAID, Village Leaders | 9/30/2007 | | | | | | | | | | | | | | | | | | | | | ◇ |
| 19 | Process Milestone 1: Documentation of CBR strategies, framework and processes (final report) | 9/30/2007 | | | | | | | | | | | | | | | | | | | | | ◇ |
| 20 | Process Milestone 2: Success Story document presenting case studies of CBR adopted/adapted in other areas of Aceh | 9/30/2007 | | | | | | | | | | | | | | | | | | | | | ◇ |

**Grant Worthiness Guide**
November 2004

As we assess the quality of grant proposals, we must keep in mind that we do not simply want to provide funds for material change or to enable an event to occur, but more to enter into partnerships to build a foundation for building peace and resolving conflicts throughout Indonesia. While we face many constraints in providing support—most notably our regulations and policies—it is important that we do not impose our own ideas on the proposing organization. Before reaching agreement to support a proposal, both SPD and the applicant should be convinced about what we are undertaking. Furthermore, we must remember that however technically feasible or financially sound the project, it is the participation of people which will determine whether or not it is a success.

Answering the following questions will help us make funding decisions and stimulate partner organizations to improve their strategies and project management skills. Seeking answers to these questions for each proposal we evaluate will also help ensure that we are consistent in the way we deal with proposals and in the decisions we make on grant funding.

Basic questions we should ask when assessing a proposal include:

**Organization Aspects**

☐ Is the organization officially registered? Can they provide registration documentation?

☐ Is the organization in compliance with relevant USAID regulations?

☐ Does the organization possess sufficient institutional capability in areas pertaining to the proposed activity and as required by the Grant Agreement?

☐ Are organization staff members reliable, realistic, capable and enthusiastic? Are they well-qualified to implement the project or do they need training?

☐ Are organization leaders strong? Do they respect the opinions of others and open to new ideas and suggestions?

☐ Can the organization demonstrate financial responsibility required under the proposed grant type? Can they provide annual financial statements, audit reports, letters from other donors and/or in-site visit reports to verify financial capabilities? Remember that SPD support four types of grants:

- *In-kind Grant*—requires systems to identify, segregate, accumulate, and properly record all costs incurred under the grant.
- *Standard Grant*—requires evidence of financial management and responsibility, including a completed "Accounting System and Financial Capability" questionnaire.
- *Simplified Grant*—requires adequate cash flow.
- *Fixed Obligation Grant*—requires adequate cash flow.

☐ If problems arise in implementing the project, what provisions are there for resolving internal conflict or disposing of project assets?

**Project Objectives and Framework**

☐ Do the project objectives fall within the scope of the SPD framework and policies?

☐ Are objectives clear, reasonable and practical? Are they tangible and quantifiable? Are the understood by all project participants and stakeholders?

☐ Are objectives realistic in terms of time, quantity, quality and cost?

☐ Is the project likely to achieve its objectives? Are the objectives overly optimistic vis-à-vis the planned activities? How do they measure against the technical feasibility of the project?

☐ Does the organization distinguish between the project purpose (e.g., build a school) and objective (e.g., improve level of education)?

☐ Does the project address a genuine need?

☐ Is the project design based on adequate baseline information? Projects often fail because the assumptions on which they were based proved inadequate or false. What is the minimum we need to know before we can implement this activity—does the organization possess this knowledge?

☐ Are beneficiaries clearly defined in terms of type, number and location?

☐ Is the project desired by the intended beneficiaries, both men and women?

☐ How was the proposal drawn up? Have beneficiaries been involved in the project planning process? How will they be involved in project implementation?

☐ What are the organization's motives for the project (e.g., political, religious, professional)? Serious problems can arise due to particular motivations.

**Project Activities and Technical Aspects**

☐ Is the project technically feasible?

☐ Will the project produce adverse effects?

☐ Can the organization overcome identified constraints?

☐ To what extent might the government, local authorities or other power elites interfere with or encourage project activities?

☐ Does the project consider the political, social and economic background in which it will be implemented?

☐ Does this project duplicate the work of others?

☐ Is the project providing a service or output that is more lavish than the norm? Funding something less than the ideal might be more sustainable.

**Financial Aspects**

☐ Are the project budget and resources adequate to support planned activities?

☐ Are budget items compatible with SPD standard rates?

☐ Are we over-funding the organization, causing potential harm by providing excessive funds?

☐ Will future (additional) funding be necessary?

☐ Are local contributions adequate, realistic, or over optimistic? Could the organization or beneficiaries be asked to contribute more?

☐ Are other donors, agencies or private sector entities providing funding (in-kind or monetary)?

☐ What assistance has the organization received for similar activities? What was the result of these activities?

**Monitoring, Self-Assessment and Sustainability**

☐ Are reporting and monitoring procedures included in the proposal? Are they clear, appropriate and achievable?

☐ Are there provisions for a mid-project reviews? How often and how will they be conducted?

☐ Will it be possible to measure the progress of the project and its impact? What are the proposed output and impact indicators?

☐ If the project is successful, could it be repeated elsewhere?

☐ When SPD support is complete, is it likely that the activity or its output and benefits will continue? What plans are there for continuing the project or its activities?

☐ Are there links with other organizations that might contribute to sustainability of activities or impact?

☐ Compared with other activities we have or might fund, how much risk is involved in supporting this project?

**Gender Analysis**

As we develop conflict prevention and response initiatives, it is critical that we understand and take account of the gender-specific needs and interests of crisis-affected people regarding security, health care, education, and livelihoods. Gender issues should be addressed within our needs assessments, project frameworks and discussions of project impact with our partners and beneficiaries. This implies that SPD assistance should address the needs and interests of both men *and* women—conducting gender analysis during project design and incorporating the results of our analyses in grant proposals, will help us achieve this goal.

Gender analysis should not stop at the design stage; it should continue throughout the project cycle. This will inform us of and help us understand differences in access and control among women and men over project resources and benefits, and participation in decision-making processes. It will also provide us information on potential opportunities for reducing gender inequalities and promoting more equal relations between women and men. Analyses conducted during the implementation phase will provide baseline data useful in measuring gender-related achievements and guide us to more effective program strategies.

Basic questions we should ask when assessing a proposal regarding gender issues include:

**Project Management**

☐ What guidelines exist on the integration of women in project management? How will the organization facilitate this?

☐ Are women and men represented equally in project management groups?

☐ Does the organization require training on gender awareness and gender analysis?

**Assessment and Problem Identification**

☐ Did the needs assessment look into the specific problems and needs of women? Did it identify barriers to women's participation or productivity? We should investigate references to "the household" or "the family"—what is the composition of households/families and expected project impact on members?

☐ Does the "problem" addressed by the proposal affect women and men differently? Were women involved in the development of the "solution"?

☐ Were women involved in conducting the needs assessment? Were women beneficiaries asked their opinion on their problems and needs? On their access to resources and opportunities, or participation in the development process?

**Objectives and Framework**

☐ Do the objectives state that project benefits are intended equally for both women and men?

☐ Do any objectives challenge existing or traditional sexual divisions of labor, tasks, opportunities and responsibilities?

**Project Strategy and Implementation**

☐ Does the project target both men and women? Does it give special attention to female-headed households with regard to access to training, technology, credit, land, etc?

☐ Is the implementation strategy likely to overlook women in the target group?

☐ Is the strategy concerned mainly with delivering benefits to women, or does it also involve their increased participation and empowerment to improve their ability to overcome problems and take advantage of opportunities?

☐ How will the organization encourage and ensure broad participation of women in implementation?

☐ Does the intervention challenge existing gender divisions of labor, tasks, responsibilities and opportunities?

☐ Are livelihoods programs adding to the work of women without really adding to their disposable income? Income generating programs should help women derive income from work they already do, and not add to their workload.

☐ Will new technologies provided by the project fall under the sole control of men? If so, what is the likelihood that women will suffer?

☐ Does the strategy work with and strengthen informal networks which help women? Are new organizations supported?

☐ Will women be involved in education and training? What work has been done to overcome possible opposition from men? Are complementary activities planned to facilitate women's participation in educational programs (particularly women heading households)—e.g., provision of child-care or organization of food processing?

☐ Is there flexibility and openness to respond to new methods and opportunities for supporting gender equality that present themselves during implementation?

**Project Outputs, Impact and Monitoring**

☐ Relative to men, do women receive a fair share of the benefits that arise from the project? What provisions are in place to ensure equal access to project benefits?

☐ Does the project give women increased control over material resources, better access to credit and other opportunities, and more control over the benefits resulting from their productive efforts?

☐ What methods are proposed for monitoring the progress in reaching women?

☐ What are the likely long-term effects on women's ability to take charge of their own lives and take collective action to solve problems?

☐ Are gender-disaggregated baseline data available (qualitative and quantitative)? Are mechanisms in place to ensure the collection and analysis of such data? Were women involved in determining indicators? Will they be involved in collecting associated data? In discussing results of the project?

### USAID SPD Community Recovery and Reconciliation Initiative (CBR and ACEO) Closeout Plan [*]
### 10 February 2007

This document presents the SPD Community Recovery and Reconciliation (CRR) Initiative closeout plan that will be implemented during the period February 2007 to January 2008. The CRR Initiative encompasses the Community-Based Recovery (CBR) and Aceh Community Engagement and Ownership (ACEO) Initiatives. The closeout plan supports the consolidation of CRR accomplishments to date, and facilitates final steps toward the achievement of overall CRR objectives and outputs.

The plan takes account of key SPD budget and time constraints, including dates when USAID agreements with Public-Private Partners conclude, and the required 3-month SPD administrative closeout period.

The plan comprises four components:

1. Village recovery activity design and implementation;
2. Community leadership and management skills strengthening;
3. Village development planning; and
4. Assessments of achievements, outputs and impacts.

Successful implementation of the plan requires the active and dedicated participation of all SPD staff members. Senior managers will be challenged during the closeout period to maintain the energy and focus of staff members as they begin their search and eventually depart for new employment opportunities. It will be a difficult but critical task to maintain sufficient staff levels in each technical area (e.g., procurement, accounting, grant management, village facilitators) through the end of the contract period.

> **Community Recovery & Reconciliation**
>
> The objectives and outputs of CBR and ACEO are similar, and are presented jointly as follows:
>
> Objective: To engage communities in recovery and reconciliation processes by building effective relationships between them and other groups.
>
> Outputs:
> - Networks of constructive relationships;
> - Good governance practiced and nurtured; and
> - Sustainable improvement in livelihoods.

**Village recovery activity design and implementation [contributes to all outputs, especially: sustainable improvement in livelihoods]**
ACEO grant funding for village recovery activities is fully obligated. CBR grant funding for village recovery will be fully obligated by 30 March 2007. Grant funds support a range of recovery activities, including rehabilitation and construction of infrastructure, agriculture development activities and small business development. With design tasks near completion, SPD will focus effort during most of the closeout period on implementation tasks.

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[*] While there is some overlap of tasks and issues, this document does not represent or replace the SPD Closeout Plan that is to be delivered to the CTO for approval approximately 6 months prior to the end of the SPD contract. For details, see contract No. DOT-I-03-800-00004-00, Task No. 800.

Grantee management capacity and the nature of activities to be implemented largely dictate deadlines for various implementation tasks. Public-Private Partnership agreements and the dates that they conclude also are important considerations. Grant-funded activities are planned to conclude by the following dates (grouped by funding source):

- ACEO USAID-ExxonMobil funding, 15 July 2007
- ACEO general funding, 15 August 2007
- CBR USAID-Chevron funding, 15 July 2007
- CBR general funding, 15 September 2007
- CBR USAID-AmeriCares funding, 15 September 2007

Beyond the normal challenges and issues that can arise when implementing community development activities—which can cause delays in established schedules—SPD faces two main constraints in implementing this component of the closeout plan.

*Village-based CSO Management Capacity.* Managers of the village-based CSOs formed with SPD support generally lack the skills required to perform their duties. This is not surprising, given that most have never managed or administered a CSO. Working with SPD funding represents their first opportunity to manage donor resources. This lack of skill and experience limits their ability to effectively and efficiently manage SPD resources. It can delay implementation schedules.

SPD will address this issue through training events that focus on themes and skills appropriate for CSO managers and administrators. Training events in the first half of 2007 will supplement training provided in 2006, helping to ensure that CSOs properly manage village projects and SPD funding, and to prepare them to continue operations after the conclusion of the SPD program (see next section for more details). At the same time, it must be understood that regardless of the amount or quality of training provided, it will take time for CSO staff to transform new knowledge into habit. As a result, SPD staff members will have to remain proactive in assisting, guiding and mentoring CSO staff as they perform their duties.

*Quality Control of Physical Outputs (Assets)*
Given the broad geographic spread of participating villages and the variety of infrastructure provided to them, SPD faces a great challenge to ensure that all assets provided to villages meet desired standards. SPD has established quality control procedures to provide assurance that project finances are used as intended, and which ensure that reliable information on the quality of assets provided to partner communities is delivered to SPD managers so that they can address quickly any weaknesses. Clear guidelines indicate steps in the quality control process, staff roles and responsibilities, and reporting procedures. SPD engineers assist in the design of small-scale infrastructure units and help monitor their construction.

During the closeout phase, SPD will transfer ownership of assets to villages and government agencies, as appropriate. Transfer is formally complete when the recipient signs an Asset Transfer Letter, acknowledging receipt of the asset and acceptance of responsibilities for its use and maintenance. Many recipient communities are quite capable of managing and maintaining community assets. Others have less experience, and will face challenges in this regard. SPD will work with leaders in these communities to build local capacity to manage and maintain community assets (see next section for more details).

**Community leadership and management skills strengthening [contributes to all outputs, especially: good governance practiced and nurtured]**
Inadequate leadership capacity is the key obstacle facing any community-driven program. SPD designed a training package comprising several modules to build strong leadership capacity, providing training and support to leaders at several levels of society. Formal training events and field-based mentoring prepared participants to assume greater responsibility for and control over their actions, and increased their capacity to empower and develop their communities.

CRR capacity building formally began with Personal Empowerment and Awareness (*Operacy*) and Transformational Leadership (*CoOperacy*) in order to build a strong foundation for developing other skills. In *Operacy* training, participants discover that peace is a choice, and that there are peaceful and effective ways of perceiving and responding to others. This facilitates a transition from survival to development thinking, and highlights that peace is a choice that cannot be sustained without effort from all sides of a conflict.

In *CoOperacy* training participants focus on the roles and responsibilities of leaders working with communities in transition. Participants learn that strong leadership implies mutually enhancing and supportive relationships between all members in the community. They also discuss how sustainable prosperity flows from healthy and productive relationships.

Soon after these courses, SPD began to provide participants with additional training to build participatory planning, facilitation and communication, and conflict mitigation and management skills. During the closeout phase, SPD will conduct final training events that will complete this cycle of training in CRR communities, with focus on leaders in the 119 participating villages.

**CRR Leadership Strengthening: Training Cycle**



SPD will also continue efforts to strengthen the skills of CSO personnel in CRR communities. Given their current experience, managing cash funds and in-kind resources efficiently and transparently is not easily accomplished. To meet this challenge, CRR has provided training to CSO managers on bookkeeping, financial planning, project implementation and organizational management. Training has also included discussion of accountability and transparency in the use of funds.

During the closeout phase, SPD will conduct at least one additional training event for each CSO to further strengthen staff skills. In addition to topics covered in previous training sessions, instruction will cover maintenance of village assets, administration and replacement costs associated with operation of public infrastructure, and management of community enterprises.

*Challenges.* Having provided leadership training to many of the targeted beneficiaries, SPD has the skills, experience and material to successfully implement planned leadership development activities. Due to time and human resource constraints, SPD will enter into grant agreements with local NGOs to conduct final CSO management strengthenging activities. Although

interviews have begun, SPD must finalize dicussions and conclude agreements with several service providers to ensure training events proceed according to schedule.

**Village development planning [contributes to all outputs, especially: networks of constructive relationships]**
Comprehensive planning for village recovery is a critical activity for participating villages because it provides a long-term framework for their recovery and encourages teamwork in managing local resources with a goal of local development. Village planning began with the preparation of simple five-year development vision and mission statements, followed by the formulation of sector plans by technical groups. Community leaders summarized sector plans as elements of Community Action Plans for 2006-2007.

Ensuring that local planning efforts feed into provincial and national planning frameworks is an important challenge. Done in isolation, the Community Action Plans will have little lasting impact in the CRR area. During the closeout phase, SPD will work with participating villages to update and re-formulate their plans for presentation to local authorities. SPD will seek the assistance and cooperation of local and provincial government offices to ensure that planning efforts are integrated with provincial and national planning processes. Coordinating with and seeking the commitment of government and KPA representative will be critical, and will help ensure that relationships are strengthened during the process.

*Challenges.* SPD will need to gain solid understanding of the national planning process and requirements to determine how SPD might assist planning at the village level and facilitate links with national planning efforts. To meet this challenge, a small group of SPD staff will meet with local officials and civil society groups to learn about provincial planning processes, key actors and stakeholders, and data requirements. They will also review SPD village planning efforts to date, gathering lessons that can be used in the final planning cycle. Finally, the group will formulate a detailed action plan for SPD staff training, stakeholder preparation, building village awareness of planning processes and expected outputs, and village planning activities.

**Assessments of achievements, outputs and impacts**
Impact assessments and discussion of their findings are an integral part of SPD operations. Properly done, they uncover information and identify alternatives which facilitate the making of better decisions, and help SPD managers and project stakeholders learn from successes and mistakes. Impact assessments help illuminate the success of SPD and its initiatives in relation to their objectives, and the extent to which intended beneficiaries have really benefited. They also provide a check on the use of program resources, and help managers improve their work through the dissemination of information about project experience and outcome.

Sources of information for impact assessments include: interim and final grant award project reports; interviews and focus group discussions with grantees, beneficiaries, and other project participants (e.g., local government officials, educators, and health care providers); community or group self-surveys; and descriptive accounts of important incidents, actions, and meetings.

During the closeout period, SPD will continue to conduct periodic assessments of progress in achieving CRR objectives and outputs. At the conclusion of field activities, SPD will hold a senior management and program staff meeting to discuss lessons learned, methods developed and major achievements. This meeting will help consolidate impact assessment information, and facilitate final documentation of CRR achievements, outputs and impact.

## Community Action Plan Review Process and Guide
### March 2006

As we review the quality and content of community action plans we must keep in mind that we do not simply want to review plans for initiatives that USAID SPD might support, but more to assess the degree to which a broad cross-section of community members participated in the design process and how the overall plan addresses local needs and aspirations within the context of local resources. In reviewing plans, it is important that we do not impose our own ideas on the community—we are not "approving" their plans.

It is also important that we recognize that not all plans will be of the highest quality, containing all of the detail we might desire. There will be great variety in the content (detail and otherwise) of the village plans we receive. For many villages, their document represents a first attempt at formulating a medium-term community plan. As such, it is a first step in their learning process—our role is to help them move through this process at their own pace. It can be counterproductive to be overly critical in our review of early planning outputs.

We must also remember that however technically feasible or financially sound are the action plan and associated activities, it is the participation, ownership and commitment of people which will determine whether or not it is a success.

Gender Issues. As we review community action plans, it is critical that we understand and take account of the gender-specific needs and interests of community members regarding security, health care, education, and livelihoods. Gender issues should be addressed within community needs assessments, development frameworks and discussions of project impact. This implies that community action plans should address the needs and interests of both men *and* women—conducting gender analysis as we facilitate local development planning will help us achieve this goal.

Gender analysis should not stop with planning events and discussions in villages; it should be integrated into the implementation of the plan and associated activities. This will inform us of and help us understand differences in access and control among women and men over community development resources and benefits, and participation in decision-making processes. It will also provide us information on potential opportunities for reducing gender inequalities and promoting more equal relations between women and men. Analyses conducted during the implementation phase will provide baseline data useful in measuring gender-related achievements and guide us to more effective program strategies.

The review process involves input from a number of DAI staff members. To ensure timely response to village needs, it is important that we move through this process as quickly as possible without compromising its integrity. Meetings and discussions should be held as soon as possible, and communication maintained with participating communities as we review their plans.

**Community Action Plan Internal Review Process Leading to Proposal Development**

| Process Step | Participants | Tasks |
|---|---|---|
| 1. Community Action Plan received by DAI | Community Facilitator (CF), Community Program Development Officer (CPDO) | • After facilitating village planning process, CF delivers the plan to the CPDO<br>• CPDO schedules Planning Process Review meeting |
| 2. Planning Process Review and Plan Document Check | CF, Field Coordinator (FC), CPDO, Senior Program Development Advisor (SPDA), and/or Aceh Program Implementation Manager (APIM)<br><br>*Minimum 3 persons required* | • Discuss village-level planning activities that were conducted, and verify participants in these activities<br>• Verify that the plan document contains information required for content review, and is supported by more detailed information available in the associated village<br>• Clarifications required: CF meets with village leaders for discussion<br>• No clarifications; CF or MIS Assistant enters plan into DAI SPD database (if not already entered)<br>• CPDO schedules Content Review meeting<br><br>*(see theme and question details below)* |
| 3. Content Review | CF, FC, Regional Coordinator (RC), CPDO, and SPDA and/or APIM<br><br>*Minimum 4 persons required, including SPDA or APIM* | • Review plan content—activity-by-activity details<br>• Clarifications required: CF meets with village leaders for discussion<br>• No clarifications, SPDA or APIM prepare Letter of Acknowledgement for CF delivery to village<br><br>*(see theme and question details below)* |
| 4. Priority Setting and Activity Selection | Village leaders, CF, FC, CLO, APIM<br><br>*Minimum CF and CLO* | • CF and CLO facilitate village discussion and establishment of priorities to be supported with USAID SPD funds<br>• CLO delivers list of high, medium and low priority activities to APIM<br><br>*(Note: CF and FC will facilitate discussion and prioritization of activities to be funded by other donors after SPD Proposal Development [see step 5 below])* |
| 5. Proposal Development | Village leaders, CF, FC, CLO, APIM | • High priority activity statements reformulated as grant award proposals (next steps follow standard DAI grant proposal development processes)<br>• If Village CBR budget permits, medium priority activities reformulated as grant award proposals<br>• If Village CBR budget permits, low priority activities reformulated as grant award proposals<br><br>*(see theme and question details presented in DAI SPD Grant Worthiness Guide)* |

Note: in addition to the participants noted in the table, the following staff members are encouraged to attend *Content Review* and *Priority Setting and Activity Selection* meetings: Community Livelihoods Officer (CLO), Jakarta PIM, Monitoring and Evaluation Manager, Chief and Deputy Chief of Party (COP, DCOP).

Answering the following questions will help us review community action plans and stimulate communities to improve their strategies and project management skills. Seeking answers to these questions for each plan we review will also help ensure that we are consistent in the way we deal with plans and in the decisions we make on grant funding.

Basic questions we should ask when reviewing a community action plan are presented below. Participants in the review process should keep in mind that it is not our goal to answer each of these questions in the affirmative, or in great (and satisfactory) detail. Certain questions will not be applicable in some circumstances. It may not be possible for some villages to take actions suggested in certain questions. In asking these questions, we are trying to obtain a general understanding of the process through which the plan was developed and of its contents, and a degree of comfort with this process and content that enables us to begin, in partnership with the village, project design and implementation tasks.

**Planning Process Review and Plan Document Check**

*Process and Participation*
☐ How was the plan drawn up?
☐ What was the degree and quality of community participation in the planning process? How will they be involved in its implementation?
☐ Are the plan and its contents clearly desired by the intended beneficiaries?
☐ Was the plan validated by the community?

*Risk*
☐ If problems arise in implementing the plan, what provisions are there for resolving internal conflict?
☐ Has the community considered adverse effects that might arise as a result of planned activities? What provisions have been made to address adverse affects?
☐ As applicable, were government policies and regulations followed and addressed during the planning process?

*Sustainability*
☐ Were sustainability issues discussed during the planning process?
☐ Did the community discuss potential impact of change, both positive and negative, on their social, economic and environmental systems?
☐ Did the community discuss the potential for corruption in handling activity funding and in the ownership of activity output?
☐ Did the community discuss the potential need for strengthening leadership capacity as the community develops and expands livelihoods opportunities?
☐ Did the community consider the political, social and economic background in which it will implement its plan?

*Gender Issues*
☐ How did village leadership facilitate the integration of women in the community planning process?
☐ Are women and men represented equally in planning groups?
☐ Did needs assessments look into the specific problems and needs of women? Did they identify barriers to women's participation or productivity?
☐ Does the plan reference "the household" or "the family"—what is the composition of households/families and expected activity impact on members?

□ Were women involved in conducting the needs assessment? Were women beneficiaries asked their opinion on their problems and needs? On their access to resources and opportunities, or participation in the development process?

□ Does the plan target both men and women? Does it give special attention to female-headed households with regard to access to training, technology, credit, land, etc?

□ Is the plan concerned mainly with delivering benefits to women, or does it also involve their increased participation and empowerment to improve their ability to overcome problems and take advantage of opportunities?

□ How will village leadership encourage and ensure broad participation of women in implementation?

□ Is there flexibility and openness to respond to new methods and opportunities for supporting gender equality that present themselves during implementation?

*Document Check*

□ Does the plan, as presented in the summary document, contain clear activity descriptions?

□ Are associated sector and sub-sector information complete and accurate?

□ Are start and end date information complete and realistic?

□ Are potential and current donors represented in the plan? For potential donors, is their participation realistic?

□ Are village contributions—financial and in-kind—presented in the plan?

## Content Review

Activities and Technical Aspects

□ Are activities presented in the plan technically feasible?

□ Are capacity building activities presented in the plan? Are there clear connections with these activities and activities that have a more technical focus?

□ Will implementation of planned activities produce adverse effects?

□ To what extent might the government, local authorities or other power elites interfere with or encourage planned activities?

*Gender Issues*

□ Do planned activities challenge existing gender divisions of labor, tasks, responsibilities and opportunities?

□ Do "problems" addressed affect women and men differently? Were women involved in the development of "solutions"?

□ Are planned activities adding to the work of women without really adding to their disposable income? Income generating programs should help women derive income from work they already do, and not add to their workload.

□ Will new technologies provided by activities included in the plan fall under the sole control of men? If so, what is the likelihood that women will suffer?

□ Will women be involved in education and training? What work has been done to overcome possible opposition from men? Are complementary activities planned to facilitate women's participation in educational programs (particularly women heading households)—e.g., provision of child-care or organization of food processing?

□ Relative to men, do women receive a fair share of the benefits that arise from activities presented in the plan? What provisions are in place to ensure equal access to benefits?

☐ Do planned activities give women increased control over material resources, better access to credit and other opportunities, and more control over the benefits resulting from their productive efforts?

Financial Aspects

☐ Are planned activity budgets and resources adequate to support implementation?

☐ Are community contributions adequate, realistic or over optimistic? Could the community be asked to contribute more?

☐ Does the plan request more funding than necessary, causing potential harm as donors may subsequently question the motivations of the village and its leaders?

☐ What assistance has the village received for activities similar to those represented in the plan? What was the result of these activities?

Monitoring and Self-Assessment

☐ Are reporting and monitoring tasks included in the plan? Are they clear, appropriate and achievable?

☐ Are there provisions for periodic implementation reviews? How often and how will they be conducted?

☐ Will it be possible to measure the progress of plan implementation and impact?

☐ When donor support is complete, is it likely that planned activities or their outputs and benefits will continue? What plans are there for continuing planned activities?

*Gender Issues*

☐ What methods are proposed for monitoring progress in reaching women?

☐ Are plans presented to monitor long-term effects on women's ability to take charge of their own lives and take collective action to solve problems?

☐ Are gender-disaggregated baseline data available (qualitative and quantitative)? Are mechanisms in place to ensure the collection and analysis of such data?

☐ Were women involved in determining indicators? Will they be involved in collecting associated data? In discussing results of the planned activities?

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**Democratization in**     Jl. H.R. Rasuna Said, Kav. B-9     Fax: (+62-21) 526-9750
**Indonesia (SPD)**     Kuningan, Jakarta     www.dai.com

**DAI SPD Community Livelihoods Recovery Projects**
**Asset Replacement and Revolving Funds**
21 November 2006

Livelihoods recovery projects are an important component of USAID SPD community-based recovery and reconciliation initiatives in Aceh. In the context of SPD, asset replacement activities are critical. SPD provides support through village CSOs to community groups or individuals for replacing private assets (e.g., cattle, goats, or seed) lost in a conflict or disaster, encouraging participants to provide a level of payment back to the community in order to foster self-reliance and community cohesion. While the focus of these activities is on asset replacement and income generation, objectives related to the sustainability of revolving funds and credit schemes are equally important. To facilitate project implementation and ensure proper use of project funds, particularly the transfer of assets to individuals and subsequent repayment for these assets (in whole or in part) to other individuals or organizations within the community, DAI implements the following capacity building and monitoring procedures for all revolving fund projects funded through the SPD Program.

*Project Planning and Design*

1. All CSO staff members and village leaders participate in a series of leadership strengthening activities in the course of their participation in SPD Community-Based Initiatives. These activities aim to improve governance of local resources, and thereby increase their capacity to empower and develop their communities. The most important of these training events are the week-long courses in *Operacy* (personal empowerment) and *CoOperacy* (leadership). These activities help develop a foundation for proper governance of assets and associated revolving funds, reducing the possibility of theft or fraud in their use.

2. All CSO staff members participate in a series of capacity building events in the course of their participation in SPD Community-Based Initiatives (all CSOs have participated in one training event as of the date of this publication; a second event is scheduled for January-February 2007; additional training will be provided as necessary, keeping within time and budget constraints). These activities aim to improve the capacity of participants to effectively and efficiently manage the affairs of their village-based CSO. Training covers a range of themes and skills areas, including accounting practices and systems, procurement of goods and services, project management and operations systems, and project monitoring and assessment. Like the training events noted in item 1, above, CSO capacity building events help develop a foundation for proper governance of assets and associated revolving funds, reducing the possibility of theft or fraud in their use.

3. All village livelihoods activities and associated revolving funds supported by USAID SPD must be part of the Community Action Plan. These plans are developed using a participatory process that involves representatives of agriculture, health, women and children and other key sectors in the village. With assistance from SPD facilitators, village representatives discuss and formulate plans that address the needs of all groups in the community. They also discuss mechanisms to monitor the use of donor and village resources. This planning process helps ensure that a broad cross-section of the community agrees to the importance of each activity and associated revolving fund, including design and implementation components.

4. During discussion of projects that involve the provision of assets to individual community members and associated revolving funds, SPD facilitators ensure discussion includes issues of equitability (including environment and gender issues), transparency and accountability. That is, who receives assets first, the approach to repayment by individuals and transfer of resources to other community members, and how will funds be managed by the community. Facilitators also ensure broad community participation in these discussions and in deliberations over general

project design and implementation methods. (Note: experience to date suggests that most communities have previous experience implementing and managing community revolving funds, and have developed local, culturally sensitive control methods. SPD will strengthen and support existing structures whenever possible. A brief description of relevant community experience with revolving funds will be presented in individual grant proposals, including any local control methods applicable to grant-funded activities.). This process helps ensure community understanding of, and agreement and commitment to the project design, implementation process and associated management approach (i.e., plan for distribution of assets, payback scheme and fund control).

5. When selected by the community for support using SPD funds, SPD facilitators and community livelihoods officers work with village leaders to finalize project design and implementation methods. The facilitators and community livelihoods officers discuss various implementation options, ensuring the community understands the implications of selecting each option regarding, for example, the intensity of management required and burden placed on individuals receiving the asset. Details regarding payback schemes, fund management arrangements and asset distribution plans will be presented in each grant agreement. As with item 4, above, this step helps ensure community understanding of, agreement to and commitment to the project design, implementation process and associated management approach.

6. Following community discussion and agreement, SPD formulates curriculum and provides training to match community skills with the requirements of the revolving fund: the more complex the fund management scheme, the more training SPD provides fund managers (note: experience to date suggests that these funds will be quite simple to implement and manage, and therefore the associated training requirements will be minor; in addition, as noted in item 4, many villages have developed skills and experience through involvement in other community-managed revolving funds—SPD will strengthen these skills as necessary). Where possible, DAI SPD staff will provide training to fund managers. If necessary, DAI SPD will contract local experts to provide technical training and support. Skills development helps minimize potential problems such as theft, fraud and other misuse of project resources.

*Project Implementation*

7. SPD staff members and grantees (village CSOs) follow standard procedures as outlined in the DAI SPD Grants Implementation Guide and the DAI SPD Grants Administration Handbook. Supplements to these documents include the DAI SPD Grant Worthiness Guide, Input Standards Control documents and the Internal Controls Audit Guidelines. All SPD staff are responsible for implementing the policies and procedures presented in these documents, and for reporting weaknesses to DAI SPD Senior Managers. These documents are provided to all staff members, and are available in the project TAMIS.

8. During the course of project implementation, SPD facilitators will report success stories, problems and incidents to DAI SPD Senior Managers. Reported problems and incidents will be presented to and discussed with grantee senior management. DAI will request that the grantee promptly investigate problems and incidents and report their findings to DAI.

9. For projects where funding completes a cycle (i.e., first recipients of assets repay the community in whole or in part for the asset) prior to the end of the SPD contract, DAI SPD facilitators will monitor repayment discussions and activities closely, ensuring that actions follow those stipulated in the original grant agreement. With village leaders and CSO managers, facilitators will also help arbitrate disputes and mitigate conflicts that might arise. Facilitators will report any weaknesses, including instances of theft or fraud, to DAI SPD Senior Managers.

10. For projects where funding completes its first cycle after the end of the SPD contract, DAI SPD relies on participant attitude (see paragraphs 1, 3, 4 and 5) and skills developed (see paragraphs 2

and 6) during the contract period to ensure proper governance of SPD assets and funds provided to the community.

11. DAI SPD recognizes that it is not possible to eliminate completely all chance of problems occurring either before or after the end of the SPD contract period. However, by properly implementing the capacity building and monitoring activities and internal controls presented herein, SPD can greatly reduce the possibility that misuse will occur. DAI conducts regular audits and monitoring activities to provide assurance that implementation systems are functioning and policies are followed, and ensures that any weaknesses are recognized and addressed quickly by senior management.

# USAID-Chevron Aceh Community-Based Recovery Initiative
## Participating Villages and Outputs of Grant-Funded Activities

| Outputs/Activities | Baroh Blangmee | Baroh Geunteut | Lamkuta Blangmee | Teungoh Blangmee | Teungoh Geunteut | Umong Seuribee | Mukim Blangmee | Total |
|---|---|---|---|---|---|---|---|---|
| Irrigation Canal Rehabilitation (m) | 2,170 | 2,000 | 1,000 | 75 | 2,000 | 1,600 | 2,150 | 10,995 |
| Community Center | 3 | 3 | 3 | 2 | 2 | 1 | 1 | 15 |
| Village Office | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 7 |
| Water & Sanitation Facility | 0 | 1 | 0 | 5 | 1 | 0 | 0 | 7 |
| Recreation Facility | 1 | 1 | 1 | 1 | 1 | 2 | 0 | 7 |
| Health Facility | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| Agriculture Land - Preparation (ha) | 65 | 50 | 40 | 20 | 60 | 45 | 0 | 280 |
| Agriculture Land - Fencing (m) | 4,000 | 4,000 | 4,000 | 3,500 | 5,000 | 0 | 0 | 20,500 |
| Agriculture Equipment - Tractor | 0 | 1 | 0 | 0 | 0 | 0 | 10 | 11 |
| Fishing Boat | 0 | 0 | 1 | 1 | 0 | 0 | 0 | 2 |
| VA Training events | 4 | 4 | 4 | 4 | 4 | 4 | 0 | 24 |

**Legend**

- Participating Community
- River
- Road
- Kecamatan (Sub-District)
- Kabupaten (District)
- World_Aceh

Area of Interest

Aceh Besar

Indian Ocean

BAROH GEUNTEUT
TEUNGOH GEUNTEUT
UMONG SEURIBEE
LHOONG

BAROH BLANGMEE
TEUNGOH BLANGMEE
LAMKUTA BLANGMEE

0  0.5  1  2 Kilometers

USAID FROM THE AMERICAN PEOPLE

Chevron

**USAID SPD Aceh Community Based Recovery Initiative--Chevron-Supported Villages**

*CSO Names and Demographic Data (31 July 2006)*

| No. | Village | CSO Name | Kecamatan | Kabupaten | Families | Female | Male | Total |
|---|---|---|---|---|---|---|---|---|
| 1 | BAROH BLANGMEE | YAYASAN PEUMAKMU BLANGME | LHOONG | ACEH BESAR | 87 | 81 | 93 | 174 |
| 2 | BAROH GEUNTEUT | YAYASAN PEUMAKMU BLANGME | LHOONG | ACEH BESAR | 81 | 137 | 156 | 293 |
| 3 | TEUNGOH GEUNTEUT | YAYASAN PEUMAKMU BLANGME | LHOONG | ACEH BESAR | 102 | 133 | 154 | 287 |
| 4 | LAMKUTA BLANGMEE | YAYASAN PEUMAKMU BLANGME | LHOONG | ACEH BESAR | 155 | 178 | 171 | 349 |
| 5 | TEUNGOH BLANGMEE | YAYASAN PEUMAKMU BLANGME | LHOONG | ACEH BESAR | 89 | 130 | 86 | 216 |
| 6 | UMONG SEURIBEE | YAYASAN PEUMAKMU BLANGME | LHOONG | ACEH BESAR | 216 | 328 | 353 | 681 |
| | | | | **Total =** | **730** | **987** | **1,013** | **2,000** |

*Place spellings by Biro Pusat Statistik (BPS)   Population data collected through village surveys*

*by DAI-SPD (conducted March 2006)  Total 47 CSOs*

Rehabilitated canal in use


Due to years of conflict, the earthquake and the tsunami, hundreds of meters of irrigation canals were left in disrepair


Chevron-supported villages rehabilitated irrigation canals, revitalizing the agriculture-based economy of the area.

Rehabilitated and constructed tertiary irrigation canals made possible the planting of agricultural crops



A woman tending rice seedlings in preparation for another successful rice crop

Chevron provided funding for the construction of several farmer's "shelters" places where farmers can meet and discuss pertinent issues, or simply seek shelter from the weather.



Women's centers provide women with a place to meet and develop strategies for their own small business endeavors

Women played a large role in the early stages of land and small village infrastructure rehabilitation



With Chevron funding, agricultural productivity increased, providing substantial livelihood security to communities.

Durian, the "aromatic" fruit banned from airlines in Indonesia, is a prized perennial crop in the Lhoong area



The youth were represented in all phases of Chevron-supported activities, as evidenced by any number of recreational facilities prioritized by village CSOs and then constructed with local labor and skills

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Support for Peaceful Democratization Program

**ACEH COMMUNITY-BASED RECOVERY INITIATIVE**

*In Cooperation With*
**AmeriCares**

**Final Report**
February 2008

# Support for Peaceful Democratization (SPD)

# Aceh Community-Based Recovery Initiative

# In cooperation with AmeriCares

# Final Report

# November 2007

USAID Contract No. DOT-I-03-800-00004-00
Task Order No. 800, Under the SWIFT II IQC
USAID Contractor: Development Alternatives, Inc. (DAI)

**Development Alternatives, Inc. (DAI)**
**Support for Peaceful Democratization in Indonesia (SPD)**

**Aceh Community-Based Recovery Initiative**

**In cooperation with AmeriCares**

**Final Report**
**November 2007**

# Contents

# USAID Support for Peaceful Democratization (SPD) Program
## Aceh Community-Based Recovery Initiative

## USAID-AmeriCares Partnership

In March 2005, USAID SPD began to work directly with disaster-affected communities on long-term recovery through the Community-Based Recovery Initiative (CBR). This initiative focuses on strengthening civil society at the village level through efforts to rehabilitate and rebuild communities affected by the tsunami. It recognizes that these communities are also conflict-affected and thus efforts to support peace must be based on activities that develop multiple cross-linking relationships that encourage interdependence among people and communities, helping them envision and work toward a shared future. The strategy comprises three key elements: ensuring community participation in all aspects of the recovery process; encouraging partnership between communities and local government in this endeavor; and achieving measurable livelihood improvement[1].



Construction of a women's activities center in Tanjung Selamat

The objective of CBR is to *empower civil society by building their capacity and capability to determine, plan, implement and manage the rehabilitation of their communities effectively and efficiently*. Recognizing the environment in Aceh, and the SPD Program mandate to develop sustainable capacity for building peace and resolving conflict, CBR seeks to ensure that its initiatives do "double duty"—that is, empower civil society through recovery initiatives that lead to measurable improvement in target communities *and* build foundations for the peaceful resolution of disputes.

The major results (planned outputs) of the program include:

- Substantial and sustainable improvement in livelihoods in target communities;
- Good governance[2] practiced and nurtured in target communities; and
- A process for integrated, community-driven recovery and development that can be adopted and adapted in other areas of Aceh.

To obtain optimal impact, CBR selected clusters of villages based on *kemukiman*, a local administrative unit below a sub-district (*kecamatan*). This approach helped to build a critical mass at the village level that can help shape governance performance and practices at the sub-district level that will promote and sustain peace. It also reduced jealousies that could arise between villages participating in the program and those that are not.

CBR conducted initial meetings with village communities to seek input on how best to determine who should be target beneficiaries at the village level. Results of meetings with interest groups—including women and youth groups, and former-combatants—provided clear guidance that entire communities should be considered target groups, without differentiating between former-combatants and others. With community input, it became evident that CBR and local communities shared a common principle in developing multiple cross-linking relationships to encouraging interdependence among people and communities.

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[1] Conceptually, implies the means, activities, entitlements and assets by which people make a living. Assets are defined as natural (land, water, common property), social and political (community, family, social networks), human (knowledge, skills), and physical (markets, schools, clinics).

[2] Defined here as effective leadership and efficient management of social and economic development.

Fifty-six communities with a total population of more than 35,000 persons (about 8 percent of the estimated total tsunami-affected population) participate in this initiative.

The villages in which AmeriCares funding was used were amongst the communities that took the brunt of, and were largely de-populated by, the December 2004 tsunami. To make matters worse, relief efforts were slow to reach the area due to its remote location and compromised transportation networks. With local government infrastructure all but destroyed and officials searching for loved ones, villagers held little hope that significant assistance would reach them quickly. Consequently, residents fled to larger towns like Banda Aceh to find relief supplies and information about government plans to assist them.

Surviving residents, initially reluctant to return, were hastened to do so with the early intervention of the USAID Community-Based Recovery (CBR) Initiative. Early cash-for-work cleanup activities drew people back to their villages, helping to stabilize the situation there. Despite the loss of many village leaders and elders, new leaders rose to the occasion and worked with survivors to formulate recovery plans for their communities.

In early 2006, as these villages passed through the initial months of recovery and began reestablishing governance and leadership structures, USAID conducted personal empowerment and introductory grant management training. After these trainings were complete, CBR facilitators assisted community leaders to prepare 2006-2007 Community Action Plans. The Action Plans provided a clear framework for allocating donor funds, including funds from the Government of Indonesia, to support high-priority activities identified by the community.

**AmeriCares Support for CBR Villages**
The Memorandum of Understanding signed by the United States Agency for International Development (USAID) and AmeriCares in September 2006 established a partnership to support livelihood recovery in communities participating in the CBR Initiative. Working through the community-driven participatory development process, AmeriCares supported activities designated as priorities by these villages. Activities were primarily focused on critical water and sanitation needs, economic recovery assistance and gender-specific interventions.

The tsunami destroyed most—and in many cases all—community and family assets, including existing leadership structures. Management of the recovery process, particularly of the large amount of donor funding pouring into most affected communities, required very strong leadership to minimize potential tension and jealousy. Strong leadership and good governance at the village level—a cornerstone of CBR's approach—helped ensure that AmeriCares funds were used efficiently, transparently and accountably.

### Grant Awards Outputs

*First and Second Tranche Outputs*

| | |
|---|---|
| Community Buildings | 5 |
| Drainage (meters) | 3,594 |
| SME Support for Women (infrastructure) | 2 |
| SME Support (resources)** | 4 |
| SME Support for Women (resources) | 6 |
| Vocational Training (events) | 2 |
| Vocational Training for Women (events) | 4 |
| Cow Production (head)* | 291 |
| Goat Production (head)* | 360 |

*Third Tranche Outputs*

| | |
|---|---|
| Community Buildings*** | 7 |
| Health Clinic (units) | 1 |
| Water & Sanitation (infrastructure) | 5 |
| SME Support (infrastructure) | 1 |
| SME Support for Women (infrastructure) | 2 |
| SME Support (resources) | 3 |
| SME Support for Women (resources) | 3 |
| Vocational Training (events) | 1 |

\*   *Reported as Agriculture Production in previous reports.*
\*\*  *Includes water purification facility and equipment.*
\*\*\* *Does not include fencing of community buildings*

## Governance of Village Resources for Development

Recognizing the need to strengthen governance of village resources, CBR worked with local leaders to develop village-led CSOs (civil society organizations) and also provided leadership and governance training to key community leaders, including women and youth. Instruction was provided on CSO formation and organization tasks and methods, and personal empowerment and leadership issues. Establishing legally recognized CSOs increased opportunities for communities to attract local and international donor funding directly, allowing them to manage their own project funding rather than relying on other NGOs or donors to do so. CBR worked closely with new CSO managers to organize and strengthen their newly formed organizations by providing managers with training in bookkeeping, financial planning, and organizational management. Training events also prepared village organizations to administer community-managed loan funds (i.e. revolving funds) that would support economic development activities planned for 2006-2007. Finally, as a necessary complement to participatory village development planning, CBR provided training on methods and approaches to writing successful project proposals for submission to government and donor organizations.

> We feel blessed that we were given training to develop important skills. We have never had these kinds of trainings before and no other donor provides such intensive trainings; nor do they work so closely with us to move forward to a better future.
>
> *CSO representatives*
> *Blang Krueng, Tanjung Selamat*

In February 2006, CSO leaders and community members took part in specialized three-day leadership training sessions ("Operacy" training) that focused on personal empowerment and essential leadership qualities. Operacy training is comprised of three parts. The first focuses on individual introspection regarding personal success, including: human potential; the role of habit in leading the individual to success; and how the individual sees himself vis-à-vis other people, the community, the environment, political structures and the earth as living system. Second, training illuminates the ways and means to achieving personal success or the alternative, failure; including discussions of the characteristics of successful and unsuccessful people. The third part is an introduction to useful methods for the individual to begin changing ways of thinking and developing new habits that lead to success.

Approximately 30 men and women from each community participated in these events, which aimed to promote and nurture an attitude toward and acceptance of individual responsibility that is conducive to effective participatory planning. Participatory community planning exercises followed these training courses, leading to the formulation of community mission and vision statements for local development.



Participatory community planning

## Community Action Plans

After completing initial training activities, CBR assisted community leaders and other representatives to prepare five-year Community Development Plans, of which Community Action Plans for 2006-2007 formed the basis. Recognizing that no single donor can provide funding for all the diverse short- and long-term needs in each community, CBR worked with community leaders to understand the resource requirements of various components of the Action Plans, and to develop strategies to address them (e.g., the use of revolving loans, micro-credit, and direct grants from various donors). It is important to note that the Community Action Plans were not simply a prerequisite for receiving USAID and AmeriCares funds. Rather, they represented the needs and priorities of these communities—needs and priorities that might be supported by the Government of Indonesia, USAID, other bilateral and multilateral donors, local and international NGOs, and the communities themselves.

3

The Action Plans revealed the needs and aspirations of these communities as defined by the communities themselves. As work plans were finalized and gaps in funding became apparent, village leaders prepared proposals for submission to USAID that addressed critical needs, such as: village infrastructure, including a village office in each village to coordinate present and future development initiatives; recovery of local industry, particularly rice production; and capacity of community members to take advantage of newly emerging economic opportunities. AmeriCares funding was particularly helpful, supporting a range of activities, including:

- 12 community centers constructed;
- 4 women's activities centers constructed or rehabilitated;
- Over 3.5 kilometers of drainage canal rehabilitated;
- 5 water and sanitation facilities constructed;
- 291 cows and 360 goats provided for community-managed loan funds; and
- 7 vocational trainings selected by communities (4 trainings specifically for women).

**Local Development Planning**

Comprehensive planning for village recovery is a critical activity for participating villages because it provides a long-term framework for their recovery and encourages teamwork in managing local resources with a goal of local development. Village planning began with the preparation of simple five-year development vision and mission statements, followed by the formulation of sector plans by technical groups. Community leaders summarized sector plans as elements of Community Action Plans for 2006-2007.

> During the planning process, SPD taught us to open our minds. It was really inspiring. We felt as though we were being listened to, and therefore representing our own needs regarding our village development.
>
> *CSO manager*
> *Blang Krueng, Tanjung Selamat*

Ensuring that local planning efforts feed into provincial and national planning frameworks is an important challenge. Done in isolation, the Community Action Plans have little lasting impact. CBR worked with participating villages as AmeriCares funding was coming to an end to update and re-formulate their plans for presentation to local authorities. CBR continued this effort after the MOU concluded to seek assistance and cooperation of local and provincial government offices to ensure that planning efforts are integrated with provincial and national planning processes.

**Maintaining Village Infrastructure Inputs**

As construction activities were completed CBR worked with communities and local government to ensure proper transfer of ownership of assets to villages and government agencies, as appropriate. Transfers are formally complete when the recipient signs an Asset Transfer Letter, acknowledging receipt of the asset and acceptance of responsibilities for its use and maintenance. Recipient communities have some but not all of the skills required to manage and maintain community assets. As a result, CBR worked with community leaders to build local capacity to manage and maintain community assets. Training events covered topics associated with the maintenance of village assets, administration and replacement costs associated with operation of public infrastructure, and management of community enterprises.

**3.4. Major Issues and Challenges**

Beyond the normal challenges and issues that can arise when implementing community development activities—which can cause delays in established schedules—SPD faced several constraints in implementing grant awards and other CBR activities. These challenges, and others, are presented in this section.

*Village-based CSO Management Capacity*
Managers of the village-based CSOs generally lacked the skills required to perform their duties. This is not surprising, given that most had never managed or administered a CSO. Working with AmeriCares funding was an opportunity for them to manage donor resources. This lack of skill and experience limited their ability to effectively and efficiently manage SPD resources. It delayed implementation schedules.

Having gained experience through the management of AmeriCares funds, coupled with the new skills developed through management training provided by SPD, CSO managers showed an increased ability to manage project funding and implementation schedules. Grant implementation, in general, proceeded according to plan and without major problems. Facing the challenge of a greater than normal workload and high grant disbursements, most CSOs performed admirably. Nonetheless, it must be understood that regardless of the amount or quality of training provided, it will take time for CSO staff to transform new knowledge into habit.

*Quality Control of Physical Outputs (Assets)*
Given the broad geographic spread of villages participating in CBR and the variety of infrastructure and other assets provided to them, SPD faced a great challenge to ensure that standards were met in all instances.

As construction works were completed, SPD transferred ownership of new assets to villages and government agencies, as appropriate. Transfer was formally complete when the recipient (grantee) signed an Asset Transfer Letter, acknowledging receipt of the asset and acceptance of responsibilities for its use and maintenance. AmeriCares-supported communities are quite capable of managing and maintaining community assets.

> The most rewarding part of AmeriCares's assistance is that it works through the community, so that the ideas come from villagers themselves.
>
> *Community member*
> *Meunasah Kulam*

*Linking Community Action Plans and National Planning Efforts*
Critical challenges associated with efforts to link local plans with those at the national level include encouraging communities to engage in another participatory planning process with no guaranteed funding source (outside of government budgets), and garnering government support and active participation in village-level planning activities.

CBR gained solid understanding of the national planning process and requirements, and determined how it would assist planning at the village level and facilitate links with national planning efforts. CBR staff members met with local officials and civil society groups to learn about provincial planning processes, key actors and stakeholders, and data requirements. CBR also reviewed its village planning efforts to date, gathering lessons that can be used in the final planning cycle. Finally, CBR formulated an action plan for staff training, stakeholder preparation, building village awareness of planning processes and expected outputs, and village planning activities.

*Village Engagement with Other Donors*
At the outset of CBR, USAID was one of the only donors active in some areas heavily affected by the tsunami. As such, village leaders and community members were easily engaged in planning meetings, training events, and implementation of grant-funded activities. As other donors began work in these same communities, it became increasingly difficult to maintain the active participation of key village leaders. In some communities AmeriCares was a minor source of funding relative to other donors. In addition, leaders began to appropriately put their attention on efforts to rebuild housing destroyed in the tsunami (an activity in which AmeriCares funding was not used). With finite time and energy, some communities placed AmeriCares-funded activities down their list of priorities. This issue became more acute as AmeriCares funding diminished and operations slowly concluded.

To address this issue, CBR continued to encourage leaders to actively manage CBR activities and to coordinate implementation schedules with those of other donors. CBR field staff also continued efforts to become more knowledgeable of other donor activities, and seek opportunities to share information on village activities with these organizations, as well as BRR, BRA, and provincial and district governments.

# USAID CBR Initiative: AmeriCares-supported Villages
Financial Summary

**Total AmeriCares Funding = $1,000,000**

| Village | District | Grantee/Village CSO | Grant Value |
|---|---|---|---|
| *Tranche 1 & 2 Grants* | | | |
| Meunasah Kulam | Aceh Besar | Yayasan Hikmah | $86,018.06 |
| Tanjung Selamat | Aceh Besar | Yayasan Bantu Masyarakat | $96,139.26 |
| Miruk Taman | Aceh Besar | Yayasan Bagi Beurata | $75,477.03 |
| Ladong | Aceh Besar | Yayasan Ladong Sejahtera | $98,939.92 |
| Blang Krueng | Aceh Besar | Beudoh Beurata Makmu Sejahtra | $69,300.53 |
| Tanjung Deah | Aceh Besar | Yayasan Tanjung Sejahtera | $78,948.00 |
| Lam Peudaya | Aceh Besar | Yayasan Tengku Menasah Blang | $48,715.94 |
| | | | **$553,539** |
| *Tranche 3 Grants* | | | |
| Lamkruet | Aceh Besar | Koperasi Makmu Beusare | $47,136.56 |
| Lamkeumok | Aceh Besar | Yayasan Pembangunan desa Lam keumok | $34,402.49 |
| Lamkruet | Aceh Besar | Koperasi Makmu Beusare | $36,957.11 |
| Meunasah Bak Ue | Aceh Besar | Yayasan Peudong Meunasah Bak'U | $40,101.88 |
| Pulot | Aceh Besar | Yayasan Peugoet Gampong Pulot | $63,607.52 |
| Lamseunia | Aceh Besar | Yayasan Tuah Sarah Raya | $65,886.19 |
| Mesjid Leupung | Aceh Besar | Yayasan Hudeep Baroe Meunasah Mesjid | $85,649.13 |
| Weu Raya | Aceh Besar | Imawar Beudoh Beurata | $69,814.35 |
| | | | **$443,555.23** |

**Total** *(Tranche 1,2 & 3)* **=**   **$997,094**
**Remaining Amount =**   **$2,906**

**Indicative Grant Funding =**   **$1,000,000**
**Operational Costs =**   **$0**

**USAID CBR Initiative  AmeriCares-supported Villages**
Activities Summary

**Total AmeriCares Funding = $1,000,000**

| Village | District | Grantee/Village CSO | Output/s | Beneficiaries | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
| | | | | Households | Female | Male | Total |
| *Tranche 1 & 2 Grants* | | | | | | | |
| Meunasah Kulam | Aceh Besar | Yayasan Hikmah | [1] 100 head of cattle distributed to 100 families (1 head/family); and<br>[2] 360 goats distributed to 72 families (5 head/family). | 178 | 391 | 352 | 743 |
| Tanjung Selamat | Aceh Besar | Yayasan Bantu Masyarakat | [1] Women's activities center (9mx5m) constructed;<br>[2] 35 cattle breeders supported;<br>[3] Furniture making tools provided;<br>[4] Pre-school teacher training conducted;<br>[5] Youth computer skills training conducted;<br>[6] Sewing machines provided; and<br>[7] Cake making and baking equipment provided. | 860 | 1663 | 1579 | 3242 |
| Miruk Taman | Aceh Besar | Yayasan Bagi Beurata | [1] Library/reading corner (4mx6m) constructed and equipped;<br>[2] Furniture workshop equipment and working capital provided, and building (6mx8m) constructed;<br>[3] Fashion and Embroidery equipment provided;<br>[4] Fashion and Embroidery training conducted; and<br>[5] Multi-purpose building (22.2mx9m) rehabilitated. | 219 | 428 | 415 | 843 |
| Ladong | Aceh Besar | Yayasan Ladong Sejahtera | [1] 156 cattle provided (121 breeding, 35 fattening). | 310 | 567 | 651 | 1218 |
| Blang Krueng | Aceh Besar | Beudoh Beurata Makmu Sejahtra | [1] Drainage system (2,250m) reconstructed;<br>[2] Women's activities center building (5mx9m) rehabilitated and extended by 4 meters;<br>[3] Cooking and sewing training for women conducted; and<br>[4] Cooking equipment and sewing machines provided. | 404 | 734 | 721 | 1455 |
| Tanjung Deah | Aceh Besar | Yayasan Tanjung Sejahtera | [1] Multi-purpose building (10mx15m) constructed and equipped;<br>[2] Sewing machines provided; and<br>[3] Vocational training (sewing, cooking/baking) for women conducted. | 203 | 437 | 365 | 802 |
| Lam Peudaya | Aceh Besar | Yayasan Tengku Menasah Blang | [1] Irrigation/drainage system (1,344m) reconstructed;<br>[2] Women's activities center fenced (225m);<br>[3] Rental equipment provided to women's activities group; and<br>[4] Small water purification enterprise constructed and equipped, and training provided. | 127 | 233 | 225 | 458 |
| | | | | **2,301** | **4453** | **4308** | **8761** |
| *Tranche 3 Grants* | | | | | | | |
| Lamkruet | Aceh Besar | Koperasi Makmu Beusare | [1] Public sanitation facilities (5 units - 1.8mx2m each) constructed;<br>[2] Women's activities center built (5mx12m);<br>[3] Equipment provided to women's acitvities group; and<br>[4] Community center fenced (115m). | 311 | 361 | 540 | 901 |
| Lamkeumok | Aceh Besar | Yayasan Pembangunan desa Lam keumok | [1] Construction of women's activity (PKK) center;<br>[2] Small business enterprise equipped and working capital provided;<br>[3] 1 set of sewing machines provided and working capital provided;<br>[4] 1 set of office equipment provided;<br>[5] Construction of village gate; and<br>[6] Vocational and skills development training for 20 persons (10 men; 10 women). | 88 | 38 | 103 | 141 |
| Lamkruet | Aceh Besar | Koperasi Makmu Beusare | [1] Village Office / CSO building constructed. | 311 | 361 | 540 | 901 |
| Meunasah Bak Ue | Aceh Besar | Yayasan Peudong Meunasah Bak'U | [1] Village clinic constructed and equipped. | 270 | 208 | 215 | 423 |
| Pulot | Aceh Besar | Yayasan Peugoet Gampong Pulot | [1] Village cooperative building constructed;<br>[2] Fish drying facilities constructed and equipped; and<br>[3] Ratan handicraft materials provided and craftsmen equipped. | 171 | 247 | 246 | 493 |
| Lamseunia | Aceh Besar | Yayasan Tuah Sarah Raya | [1] Multi-purpose building constructed;<br>[2] Community center fenced; and<br>[3] Rental equipment provided to women's activities group. | 121 | 68 | 133 | 201 |
| Mesjid Leupung | Aceh Besar | Yayasan Hudeep Baroe Meunasah Mesjid | [1] Kindergarten constructed and equipped; and<br>[2] 250 houses connected to public water supply. | 150 | 57 | 152 | 209 |
| Weu Raya | Aceh Besar | Imawar Beudoh Beurata | [1] Landslide prevention wall erected (80m);<br>[2] Men's latrine constructed;<br>[3] Women's latrine and washing facilities constructed;<br>[4] CSO office (4mx8m) constructed;<br>[5] Library rehabilitated; and<br>[6] Youth center (4mx6m) constructed. | 253 | 297 | 399 | 696 |
| | | | | **1675** | **1637** | **2328** | **3965** |
| | | | **Total Beneficiaries =** | **3,976** | **6,090** | **6,636** | **12,726** |

8

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## USAID SPD Community-Based Initiatives
## Monitoring and Assessing Progress and Impact

*This Version: September 2006*

Monitoring and assessing progress are important components of any project management system. Frequent monitoring helps ensure that program resources are delivered to and used by intended groups. SPD recognizes the importance of monitoring activities and assessing their results, particularly in disaster recovery and post-conflict reconstruction and reconciliation initiatives, and has designed and put into operation a comprehensive system to measure progress and impact.

The monitoring and assessment (M&A) system helps SPD answer not only questions regarding who is receiving and how they are using program resources, but, more important, whether program activities facilitate intended impact in stakeholder communities. It integrates quantitative and qualitative data, thereby facilitating a broad analysis of progress and enriching our understanding of the impact of SPD actions.

The foundation of the M&A system is the program framework, and the expression of objectives, outputs and activities contained in it. The framework defines what SPD plans to achieve and includes indicators for measuring progress. SPD periodically reviews its indicators to ensure they remain appropriate, measurable, and efficient.

Two general types of indicators are used to measure progress. The first type is <u>output indicators</u>. These tend to be quantitative and provide information regarding, for example, numbers of beneficiaries, infrastructure constructed and jobs created. SPD staff members regularly collect these data throughout the implementation of grant-funded activities. Data sources include grant agreements, finance and final reports, interviews with community representatives, and field visits.

The second indicator type is <u>impact indicators</u>. These are mostly qualitative and help SPD assess the impact of our activities and progress toward achievement of overall program objectives. Examples of these indicators include stakeholder perception of changes in well-being, and community perception of the capabilities of their leaders. Collection and analysis of such information provides rich insight into program results, highlights emerging opportunities, and helps SPD maintain focus on achieving desired impacts. It also facilitates investigation with various stakeholders of underlying assumptions and program strategies.

SPD collects information on impact indicators on a regular basis during program implementation. Sources of information include focus group discussions and interviews with community groups, village leaders, and government officials in the project locale. When collecting impact information, SPD staff members gather perspectives and triangulate input from a variety of sources. This generates a realistic impression of the positive and negative impacts of SPD activities.

The M&A system is designed to operate effectively and efficiently, channeling important information quickly to project managers. The focus is not on reports or on endless meetings

9

covering details of every activity supported. Instead, the system facilitates the flow of information regarding critical aspects of SPD activities to management and program development staff. It encourages them to quickly analyze and discuss this information, to learn from our experiences, and reach decisions regarding possible changes in program strategy or direction.

More simply stated, the system facilitates learning about what SPD is doing—opportunities seized, problems encountered and solutions applied, and impact achieved—and encourages quick application of lessons learned as points of reference in our daily work. Because of the highly dynamic environment that prevails in disaster and post-conflict environments—and the rapid changes this implies for programming in these situations—quick action based on accurate information is critical. The M&A system facilitates this.

While implementation of the M&A approach is not linear, and the monitoring-analysis-decision making cycle is continuous and interactive, its core elements include:

- Regular M&E Manager and Program Development Staff field visits to monitor and assess progress—for a representative sample of communities, interviews are conducted with key stakeholders and quantitative data are collected as appropriate (focus is on impact indicators; staff do not assess activities they developed in order to ensure unbiased investigations of progress and impact);
- Immediately after field visits, structured meetings with key staff to discuss findings, determine lessons learned and best practices and how they might be incorporated into new activities, and discuss implications for existing strategies and policies;
- Systematic collection of quantitative indictor data for all grant-funded activities, guided by the M&E Manager;
- Storage of quantitative data in the SPD project database (TAMIS) for analysis and documentation tasks;
- Documentation of key lessons learned and best practices; and
- Reports written as necessary.

The focus of the M&A system is on quick learning and quick applications of lessons to future activities. It aims to facilitate and encourage a cycle of learning that steadily builds staff knowledge of what works and what does not. Through participation in M&A activities, staff and stakeholders gain deeper understanding of the impact of their actions, and uncover information and identify alternatives which facilitate the making of better decisions.

Progress and impact assessments help illuminate the success of a project or initiative in relation to its objectives, and the extent to which intended beneficiaries have really benefited. They also provide a check on the use of SPD resources, and help us improve our work through the dissemination of information about project experience and outcome. By encouraging reflection and observation, assessments help us maintain focus on our larger objectives—the "big picture"—and help ensure that our actions and beliefs are in line with reality.

*This version: September 2006*

# USAID SPD – 2006-2007 Aceh CBR Initiative Output and Impact Progress Indicators

**Objective:** Empower civil society by building their capacity and capability to determine, plan, implement and manage the rehabilitation of their communities effectively and efficiently.

**Outputs:**
1. Substantial and sustainable improvement in livelihoods in target communities [*Livelihoods Milestones*];
2. Good governance practiced and nurtured in target communities [*Governance Milestones*]; and
3. A process for integrated community-driven recovery and development that can be adopted and adapted in other areas of Aceh.

Note: Black diamond = milestone achieve

| ID | Milestone/Indicator | Finish | Schedule marker |
|---|---|---|---|
| 1 | Livelihoods 1: Increased perception of well-being among villagers, improvement from September 2005 assessment | 8/30/2006 | ◇ Aug 06 |
| 2 | Livelihoods 2: Increased perception of well-being among villagers, improvement from August 2006 assessment | 1/1/2007 | ◇ Dec 06 |
| 3 | Livelihoods 3: Increased perception of well-being among villagers, improvement from December 2006 assessment | 8/17/2007 | ◇ Jul 07 |
| 4 | Governance 1: Village CSOs Formation (56 Villages) | 1/30/2006 | ◆ Jan 06 |
| 5 | Governance 2: Community Action Plan 2006-07 in 56 villages | 3/30/2006 | ◆ Mar 06 |
| 6 | Governance 4: Increased Community Participation in the Formulation and Ownership of Local Development Plans | 4/30/2006 | ◆ Apr 06 |
| 7 | Governance 3: Community Development Goals 2006-2011 in 56 villages | 5/30/2006 | ◇ May 06 |
| 8 | Governance 5: Revealed Capacity to Manage Donor Funding Thru Village CSOs | 8/30/2006 | ◆ Aug 06 |
| 9 | Governance 6: Revealed Capacity of Village Leaders to Prevent and Mitigate Conflict | 8/30/2006 | ◇ Aug 06 |
| 10 | Governance 7: Increased Coordination Between Village and Kecamatan | 8/30/2006 | ◇ Aug 06 |
| 11 | Governance 8: Community Action Plan 2007-08 in 56 villages, improvement over 2006-07 plan | 1/1/2007 | ✖ Dec 06 — **Planning Activity Cancelled** |
| 12 | Governance 9: Increased Community Participation in the Formulation and Ownership of Local Development Plans, improvement from Augustl 2006 assessment | 1/1/2007 | ✖ Dec 06 — **Planning Activity Cancelled** |
| 13 | Governance 10: Revealed Capacity to Manage Donor Funding Thru Village CSOs, improvement from August 2006 assessment | 8/17/2007 | ◇ Jul 07 |
| 14 | Governance 11: Revealed Capacity of Village Leaders to Prevent and Mitigate Conflict, improvement from August 2006 assessment | 8/17/2007 | ◇ Jul 07 |
| 15 | Governance 12: Increased Coordination Between Village and Kecamatan, improvement from August 2006 assessment | 8/17/2007 | ◇ Jul 07 |
| 16 | Governance 13: Revealed impact of Community Action Plan 2006-07 | 8/17/2007 | ◇ Jul 07 |
| 17 | Governance 14: Revealed progress in achieving community development goals 2006-11 | 8/17/2007 | ◇ Jul 07 |
| 18 | Process Milestone 1: Forum to Discuss CBR strategies, framework, processes and outcomes; BRR, WB, USAID, Village Leaders | 9/30/2007 | ◇ Sep 07 |
| 19 | Process Milestone 1: Documentation of CBR strategies, framework and processes (final report) | 9/30/2007 | ◇ Sep 07 |
| 20 | Process Milestone 2: Success Story document presenting case studies of CBR adopted/adapted in other areas of Aceh | 9/30/2007 | ◇ Sep 07 |

Timeline columns: Q1 06 (Jan, Feb, Mar) | Q2 06 (Apr, May, Jun) | Q3 06 (Jul, Aug, Sep) | Q4 06 (Oct, Nov, Dec) | Q1 07 (Jan, Feb, Mar) | Q2 07 (Apr, May, Jun) | Q3 07 (Jul, Aug, Sep)

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## Grant Worthiness Guide
November 2004

As we assess the quality of grant proposals, we must keep in mind that we do not simply want to provide funds for material change or to enable an event to occur, but more to enter into partnerships to build a foundation for building peace and resolving conflicts throughout Indonesia. While we face many constraints in providing support—most notably our regulations and policies—it is important that we do not impose our own ideas on the proposing organization. Before reaching agreement to support a proposal, both SPD and the applicant should be convinced about what we are undertaking. Furthermore, we must remember that however technically feasible or financially sound the project, it is the participation of people which will determine whether or not it is a success.

Answering the following questions will help us make funding decisions and stimulate partner organizations to improve their strategies and project management skills. Seeking answers to these questions for each proposal we evaluate will also help ensure that we are consistent in the way we deal with proposals and in the decisions we make on grant funding.

Basic questions we should ask when assessing a proposal include:

### Organization Aspects

☐   Is the organization officially registered? Can they provide registration documentation?

☐   Is the organization in compliance with relevant USAID regulations?

☐   Does the organization possess sufficient institutional capability in areas pertaining to the proposed activity and as required by the Grant Agreement?

☐   Are organization staff members reliable, realistic, capable and enthusiastic? Are they well-qualified to implement the project or do they need training?

☐   Are organization leaders strong? Do they respect the opinions of others and open to new ideas and suggestions?

☐   Can the organization demonstrate financial responsibility required under the proposed grant type? Can they provide annual financial statements, audit reports, letters from other donors and/or in-site visit reports to verify financial capabilities? Remember that SPD support four types of grants:

- *In-kind Grant*—requires systems to identify, segregate, accumulate, and properly record all costs incurred under the grant.
- *Standard Grant*—requires evidence of financial management and responsibility, including a completed "Accounting System and Financial Capability" questionnaire.
- *Simplified Grant*—requires adequate cash flow.
- *Fixed Obligation Grant*—requires adequate cash flow.

☐   If problems arise in implementing the project, what provisions are there for resolving internal conflict or disposing of project assets?

**Project Objectives and Framework**

☐ Do the project objectives fall within the scope of the SPD framework and policies?

☐ Are objectives clear, reasonable and practical? Are they tangible and quantifiable? Are the understood by all project participants and stakeholders?

☐ Are objectives realistic in terms of time, quantity, quality and cost?

☐ Is the project likely to achieve its objectives? Are the objectives overly optimistic vis-à-vis the planned activities? How do they measure against the technical feasibility of the project?

☐ Does the organization distinguish between the project purpose (e.g., build a school) and objective (e.g., improve level of education)?

☐ Does the project address a genuine need?

☐ Is the project design based on adequate baseline information? Projects often fail because the assumptions on which they were based proved inadequate or false. What is the minimum we need to know before we can implement this activity—does the organization possess this knowledge?

☐ Are beneficiaries clearly defined in terms of type, number and location?

☐ Is the project desired by the intended beneficiaries, both men and women?

☐ How was the proposal drawn up? Have beneficiaries been involved in the project planning process? How will they be involved in project implementation?

☐ What are the organization's motives for the project (e.g., political, religious, professional)? Serious problems can arise due to particular motivations.

**Project Activities and Technical Aspects**

☐ Is the project technically feasible?

☐ Will the project produce adverse effects?

☐ Can the organization overcome identified constraints?

☐ To what extent might the government, local authorities or other power elites interfere with or encourage project activities?

☐ Does the project consider the political, social and economic background in which it will be implemented?

☐ Does this project duplicate the work of others?

☐ Is the project providing a service or output that is more lavish than the norm? Funding something less than the ideal might be more sustainable.

**Financial Aspects**

☐ Are the project budget and resources adequate to support planned activities?

☐ Are budget items compatible with SPD standard rates?

☐ Are we over-funding the organization, causing potential harm by providing excessive funds?

☐ Will future (additional) funding be necessary?

☐ Are local contributions adequate, realistic, or over optimistic? Could the organization or beneficiaries be asked to contribute more?

☐ Are other donors, agencies or private sector entities providing funding (in-kind or monetary)?

☐ What assistance has the organization received for similar activities? What was the result of these activities?

**Monitoring, Self-Assessment and Sustainability**

☐ Are reporting and monitoring procedures included in the proposal? Are they clear, appropriate and achievable?

☐ Are there provisions for a mid-project reviews? How often and how will they be conducted?

☐ Will it be possible to measure the progress of the project and its impact? What are the proposed output and impact indicators?

☐ If the project is successful, could it be repeated elsewhere?

☐ When SPD support is complete, is it likely that the activity or its output and benefits will continue? What plans are there for continuing the project or its activities?

☐ Are there links with other organizations that might contribute to sustainability of activities or impact?

☐ Compared with other activities we have or might fund, how much risk is involved in supporting this project?


**Gender Analysis**

As we develop conflict prevention and response initiatives, it is critical that we understand and take account of the gender-specific needs and interests of crisis-affected people regarding security, health care, education, and livelihoods. Gender issues should be addressed within our needs assessments, project frameworks and discussions of project impact with our partners and beneficiaries. This implies that SPD assistance should address the needs and interests of both men *and* women—conducting gender analysis during project design and incorporating the results of our analyses in grant proposals, will help us achieve this goal.

Gender analysis should not stop at the design stage; it should continue throughout the project cycle. This will inform us of and help us understand differences in access and control among women and men over project resources and benefits, and participation in decision-making processes. It will also provide us information on potential opportunities for reducing gender inequalities and promoting more equal relations between women and men. Analyses conducted during the implementation phase will provide baseline data useful in measuring gender-related achievements and guide us to more effective program strategies.

Basic questions we should ask when assessing a proposal regarding gender issues include:

**Project Management**

☐ What guidelines exist on the integration of women in project management? How will the organization facilitate this?

☐ Are women and men represented equally in project management groups?

☐ Does the organization require training on gender awareness and gender analysis?

**Assessment and Problem Identification**

☐ Did the needs assessment look into the specific problems and needs of women? Did it identify barriers to women's participation or productivity? We should investigate references to "the household" or "the family"—what is the composition of households/families and expected project impact on members?

☐ Does the "problem" addressed by the proposal affect women and men differently? Were women involved in the development of the "solution"?

☐ Were women involved in conducting the needs assessment? Were women beneficiaries asked their opinion on their problems and needs? On their access to resources and opportunities, or participation in the development process?

**Objectives and Framework**

☐ Do the objectives state that project benefits are intended equally for both women and men?

☐ Do any objectives challenge existing or traditional sexual divisions of labor, tasks, opportunities and responsibilities?

**Project Strategy and Implementation**

☐ Does the project target both men and women? Does it give special attention to female-headed households with regard to access to training, technology, credit, land, etc?

☐ Is the implementation strategy likely to overlook women in the target group?

☐ Is the strategy concerned mainly with delivering benefits to women, or does it also involve their increased participation and empowerment to improve their ability to overcome problems and take advantage of opportunities?

☐ How will the organization encourage and ensure broad participation of women in implementation?

☐ Does the intervention challenge existing gender divisions of labor, tasks, responsibilities and opportunities?

☐ Are livelihoods programs adding to the work of women without really adding to their disposable income? Income generating programs should help women derive income from work they already do, and not add to their workload.

☐ Will new technologies provided by the project fall under the sole control of men? If so, what is the likelihood that women will suffer?

☐ Does the strategy work with and strengthen informal networks which help women? Are new organizations supported?

☐ Will women be involved in education and training? What work has been done to overcome possible opposition from men? Are complementary activities planned to facilitate women's participation in educational programs (particularly women heading households)—e.g., provision of child-care or organization of food processing?

☐ Is there flexibility and openness to respond to new methods and opportunities for supporting gender equality that present themselves during implementation?

**Project Outputs, Impact and Monitoring**

☐ Relative to men, do women receive a fair share of the benefits that arise from the project? What provisions are in place to ensure equal access to project benefits?

☐ Does the project give women increased control over material resources, better access to credit and other opportunities, and more control over the benefits resulting from their productive efforts?

☐ What methods are proposed for monitoring the progress in reaching women?

☐ What are the likely long-term effects on women's ability to take charge of their own lives and take collective action to solve problems?

☐ Are gender-disaggregated baseline data available (qualitative and quantitative)? Are mechanisms in place to ensure the collection and analysis of such data? Were women involved in determining indicators? Will they be involved in collecting associated data? In discussing results of the project?

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## USAID SPD Community Recovery and Reconciliation Initiative (CBR and ACEO) Closeout Plan *
### 10 February 2007

This document presents the SPD Community Recovery and Reconciliation (CRR) Initiative closeout plan that will be implemented during the period February 2007 to January 2008. The CRR Initiative encompasses the Community-Based Recovery (CBR) and Aceh Community Engagement and Ownership (ACEO) Initiatives. The closeout plan supports the consolidation of CRR accomplishments to date, and facilitates final steps toward the achievement of overall CRR objectives and outputs.

The plan takes account of key SPD budget and time constraints, including dates when USAID agreements with Public-Private Partners conclude, and the required 3-month SPD administrative closeout period.

The plan comprises four components:

1. Village recovery activity design and implementation;
2. Community leadership and management skills strengthening;
3. Village development planning; and
4. Assessments of achievements, outputs and impacts.

> **Community Recovery & Reconciliation**
>
> The objectives and outputs of CBR and ACEO are similar, and are presented jointly as follows:
>
> Objective: To engage communities in recovery and reconciliation processes by building effective relationships between them and other groups.
>
> Outputs:
> - Networks of constructive relationships;
> - Good governance practiced and nurtured; and
> - Sustainable improvement in livelihoods.

Successful implementation of the plan requires the active and dedicated participation of all SPD staff members. Senior managers will be challenged during the closeout period to maintain the energy and focus of staff members as they begin their search and eventually depart for new employment opportunities. It will be a difficult but critical task to maintain sufficient staff levels in each technical area (e.g., procurement, accounting, grant management, village facilitators) through the end of the contract period.

**Village recovery activity design and implementation [contributes to all outputs, especially: sustainable improvement in livelihoods]**
ACEO grant funding for village recovery activities is fully obligated. CBR grant funding for village recovery will be fully obligated by 30 March 2007. Grant funds support a range of recovery activities, including rehabilitation and construction of infrastructure, agriculture development activities and small business development. With design tasks near completion, SPD will focus effort during most of the closeout period on implementation tasks.

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* While there is some overlap of tasks and issues, this document does not represent or replace the SPD Closeout Plan that is to be delivered to the CTO for approval approximately 6 months prior to the end of the SPD contract. For details, see contract No. DOT-I-03-800-00004-00, Task No. 800.

Grantee management capacity and the nature of activities to be implemented largely dictate deadlines for various implementation tasks. Public-Private Partnership agreements and the dates that they conclude also are important considerations. Grant-funded activities are planned to conclude by the following dates (grouped by funding source):

- ACEO USAID-ExxonMobil funding, 15 July 2007
- ACEO general funding, 15 August 2007
- CBR USAID-Chevron funding, 15 July 2007
- CBR general funding, 15 September 2007
- CBR USAID-AmeriCares funding, 15 September 2007

Beyond the normal challenges and issues that can arise when implementing community development activities—which can cause delays in established schedules—SPD faces two main constraints in implementing this component of the closeout plan.

*Village-based CSO Management Capacity.* Managers of the village-based CSOs formed with SPD support generally lack the skills required to perform their duties. This is not surprising, given that most have never managed or administered a CSO. Working with SPD funding represents their first opportunity to manage donor resources. This lack of skill and experience limits their ability to effectively and efficiently manage SPD resources. It can delay implementation schedules.

SPD will address this issue through training events that focus on themes and skills appropriate for CSO managers and administrators. Training events in the first half of 2007 will supplement training provided in 2006, helping to ensure that CSOs properly manage village projects and SPD funding, and to prepare them to continue operations after the conclusion of the SPD program (see next section for more details). At the same time, it must be understood that regardless of the amount or quality of training provided, it will take time for CSO staff to transform new knowledge into habit. As a result, SPD staff members will have to remain proactive in assisting, guiding and mentoring CSO staff as they perform their duties.

*Quality Control of Physical Outputs (Assets)*
Given the broad geographic spread of participating villages and the variety of infrastructure provided to them, SPD faces a great challenge to ensure that all assets provided to villages meet desired standards. SPD has established quality control procedures to provide assurance that project finances are used as intended, and which ensure that reliable information on the quality of assets provided to partner communities is delivered to SPD managers so that they can address quickly any weaknesses. Clear guidelines indicate steps in the quality control process, staff roles and responsibilities, and reporting procedures. SPD engineers assist in the design of small-scale infrastructure units and help monitor their construction.

During the closeout phase, SPD will transfer ownership of assets to villages and government agencies, as appropriate. Transfer is formally complete when the recipient signs an Asset Transfer Letter, acknowledging receipt of the asset and acceptance of responsibilities for its use and maintenance. Many recipient communities are quite capable of managing and maintaining community assets. Others have less experience, and will face challenges in this regard. SPD will work with leaders in these communities to build local capacity to manage and maintain community assets (see next section for more details).

**Community leadership and management skills strengthening [contributes to all outputs, especially: good governance practiced and nurtured]**
Inadequate leadership capacity is the key obstacle facing any community-driven program. SPD designed a training package comprising several modules to build strong leadership capacity, providing training and support to leaders at several levels of society. Formal training events and field-based mentoring prepared participants to assume greater responsibility for and control over their actions, and increased their capacity to empower and develop their communities.

CRR capacity building formally began with Personal Empowerment and Awareness (*Operacy*) and Transformational Leadership (*CoOperacy*) in order to build a strong foundation for developing other skills. In *Operacy* training, participants discover that peace is a choice, and that there are peaceful and effective ways of perceiving and responding to others. This facilitates a transition from survival to development thinking, and highlights that peace is a choice that cannot be sustained without effort from all sides of a conflict.

In *CoOperacy* training participants focus on the roles and responsibilities of leaders working with communities in transition. Participants learn that strong leadership implies mutually enhancing and supportive relationships between all members in the community. They also discuss how sustainable prosperity flows from healthy and productive relationships.

Soon after these courses, SPD began to provide participants with additional training to build participatory planning, facilitation and communication, and conflict mitigation and management skills. During the closeout phase, SPD will conduct final training events that will complete this cycle of training in CRR communities, with focus on leaders in the 119 participating villages.

**CRR Leadership Strengthening: Training Cycle**

| 1. Operacy Personal Empowerment & Awareness |
| --- |

↓

| 2. CoOperacy Transformational Leadership |
| --- |

↓

| 3. Participatory Planning | 4. Communication & Facilitation | 5. Conflict Mgmt & Resolution |
| --- | --- | --- |

SPD will also continue efforts to strengthen the skills of CSO personnel in CRR communities. Given their current experience, managing cash funds and in-kind resources efficiently and transparently is not easily accomplished. To meet this challenge, CRR has provided training to CSO managers on bookkeeping, financial planning, project implementation and organizational management. Training has also included discussion of accountability and transparency in the use of funds.

During the closeout phase, SPD will conduct at least one additional training event for each CSO to further strengthen staff skills. In addition to topics covered in previous training sessions, instruction will cover maintenance of village assets, administration and replacement costs associated with operation of public infrastructure, and management of community enterprises.

*Challenges.* Having provided leadership training to many of the targeted beneficiaries, SPD has the skills, experience and material to successfully implement planned leadership development activities. Due to time and human resource constraints, SPD will enter into grant agreements with local NGOs to conduct final CSO management strengthenging activities. Although

interviews have begun, SPD must finalize dicussions and conclude agreements with several
service providers to ensure training events proceed according to schedule.

**Village development planning [contributes to all outputs, especially: networks of
constructive relationships]**
Comprehensive planning for village recovery is a critical activity for participating villages
because it provides a long-term framework for their recovery and encourages teamwork in
managing local resources with a goal of local development. Village planning began with the
preparation of simple five-year development vision and mission statements, followed by the
formulation of sector plans by technical groups. Community leaders summarized sector plans as
elements of Community Action Plans for 2006-2007.

Ensuring that local planning efforts feed into provincial and national planning frameworks is an
important challenge. Done in isolation, the Community Action Plans will have little lasting
impact in the CRR area. During the closeout phase, SPD will work with participating villages to
update and re-formulate their plans for presentation to local authorities. SPD will seek the
assistance and cooperation of local and provincial government offices to ensure that planning
efforts are integrated with provincial and national planning processes. Coordinating with and
seeking the commitment of government and KPA representative will be critical, and will help
ensure that relationships are strengthened during the process.

*Challenges.* SPD will need to gain solid understanding of the national planning process and
requirements to determine how SPD might assist planning at the village level and facilitate links
with national planning efforts. To meet this challenge, a small group of SPD staff will meet with
local officials and civil society groups to learn about provincial planning processes, key actors
and stakeholders, and data requirements. They will also review SPD village planning efforts to
date, gathering lessons that can be used in the final planning cycle. Finally, the group will
formulate a detailed action plan for SPD staff training, stakeholder preparation, building village
awareness of planning processes and expected outputs, and village planning activities.

**Assessments of achievements, outputs and impacts**
Impact assessments and discussion of their findings are an integral part of SPD operations.
Properly done, they uncover information and identify alternatives which facilitate the making of
better decisions, and help SPD managers and project stakeholders learn from successes and
mistakes. Impact assessments help illuminate the success of SPD and its initiatives in relation to
their objectives, and the extent to which intended beneficiaries have really benefited. They also
provide a check on the use of program resources, and help managers improve their work through
the dissemination of information about project experience and outcome.

Sources of information for impact assessments include: interim and final grant award project
reports; interviews and focus group discussions with grantees, beneficiaries, and other project
participants (e.g., local government officials, educators, and health care providers); community
or group self-surveys; and descriptive accounts of important incidents, actions, and meetings.

During the closeout period, SPD will continue to conduct periodic assessments of progress in
achieving CRR objectives and outputs. At the conclusion of field activities, SPD will hold a
senior management and program staff meeting to discuss lessons learned, methods developed
and major achievements. This meeting will help consolidate impact assessment information, and
facilitate final documentation of CRR achievements, outputs and impact.

## Community Action Plan Review Process and Guide
March 2006

As we review the quality and content of community action plans we must keep in mind that we do not simply want to review plans for initiatives that USAID SPD might support, but more to assess the degree to which a broad cross-section of community members participated in the design process and how the overall plan addresses local needs and aspirations within the context of local resources. In reviewing plans, it is important that we do not impose our own ideas on the community—we are not "approving" their plans.

It is also important that we recognize that not all plans will be of the highest quality, containing all of the detail we might desire. There will be great variety in the content (detail and otherwise) of the village plans we receive. For many villages, their document represents a first attempt at formulating a medium-term community plan. As such, it is a first step in their learning process—our role is to help them move through this process at their own pace. It can be counterproductive to be overly critical in our review of early planning outputs.

We must also remember that however technically feasible or financially sound are the action plan and associated activities, it is the participation, ownership and commitment of people which will determine whether or not it is a success.

Gender Issues. As we review community action plans, it is critical that we understand and take account of the gender-specific needs and interests of community members regarding security, health care, education, and livelihoods. Gender issues should be addressed within community needs assessments, development frameworks and discussions of project impact. This implies that community action plans should address the needs and interests of both men *and* women—conducting gender analysis as we facilitate local development planning will help us achieve this goal.

Gender analysis should not stop with planning events and discussions in villages; it should be integrated into the implementation of the plan and associated activities. This will inform us of and help us understand differences in access and control among women and men over community development resources and benefits, and participation in decision-making processes. It will also provide us information on potential opportunities for reducing gender inequalities and promoting more equal relations between women and men. Analyses conducted during the implementation phase will provide baseline data useful in measuring gender-related achievements and guide us to more effective program strategies.

The review process involves input from a number of DAI staff members. To ensure timely response to village needs, it is important that we move through this process as quickly as possible without compromising its integrity. Meetings and discussions should be held as soon as possible, and communication maintained with participating communities as we review their plans.

**Community Action Plan Internal Review Process Leading to Proposal Development**

| Process Step | Participants | Tasks |
|---|---|---|
| 1. Community Action Plan received by DAI | Community Facilitator (CF), Community Program Development Officer (CPDO) | • After facilitating village planning process, CF delivers the plan to the CPDO<br>• CPDO schedules Planning Process Review meeting |
| 2. Planning Process Review and Plan Document Check | CF, Field Coordinator (FC), CPDO, Senior Program Development Advisor (SPDA), and/or Aceh Program Implementation Manager (APIM)<br><br>*Minimum 3 persons required* | • Discuss village-level planning activities that were conducted, and verify participants in these activities<br>• Verify that the plan document contains information required for content review, and is supported by more detailed information available in the associated village<br>• Clarifications required: CF meets with village leaders for discussion<br>• No clarifications; CF or MIS Assistant enters plan into DAI SPD database (if not already entered)<br>• CPDO schedules Content Review meeting<br><br>*(see theme and question details below)* |
| 3. Content Review | CF, FC, Regional Coordinator (RC), CPDO, and SPDA and/or APIM<br><br>*Minimum 4 persons required, including SPDA or APIM* | • Review plan content—activity-by-activity details<br>• Clarifications required: CF meets with village leaders for discussion<br>• No clarifications, SPDA or APIM prepare Letter of Acknowledgement for CF delivery to village<br><br>*(see theme and question details below)* |
| 4. Priority Setting and Activity Selection | Village leaders, CF, FC, CLO, APIM<br><br>*Minimum CF and CLO* | • CF and CLO facilitate village discussion and establishment of priorities to be supported with USAID SPD funds<br>• CLO delivers list of high, medium and low priority activities to APIM<br><br>*(Note: CF and FC will facilitate discussion and prioritization of activities to be funded by other donors after SPD Proposal Development [see step 5 below])* |
| 5. Proposal Development | Village leaders, CF, FC, CLO, APIM | • High priority activity statements reformulated as grant award proposals (next steps follow standard DAI grant proposal development processes)<br>• If Village CBR budget permits, medium priority activities reformulated as grant award proposals<br>• If Village CBR budget permits, low priority activities reformulated as grant award proposals<br><br>*(see theme and question details presented in DAI SPD Grant Worthiness Guide)* |

Note: in addition to the participants noted in the table, the following staff members are encouraged to attend *Content Review* and *Priority Setting and Activity Selection* meetings: Community Livelihoods Officer (CLO), Jakarta PIM, Monitoring and Evaluation Manager, Chief and Deputy Chief of Party (COP, DCOP).

Answering the following questions will help us review community action plans and stimulate communities to improve their strategies and project management skills. Seeking answers to these questions for each plan we review will also help ensure that we are consistent in the way we deal with plans and in the decisions we make on grant funding.

Basic questions we should ask when reviewing a community action plan are presented below. Participants in the review process should keep in mind that it is not our goal to answer each of these questions in the affirmative, or in great (and satisfactory) detail. Certain questions will not be applicable in some circumstances. It may not be possible for some villages to take actions suggested in certain questions. In asking these questions, we are trying to obtain a general understanding of the process through which the plan was developed and of its contents, and a degree of comfort with this process and content that enables us to begin, in partnership with the village, project design and implementation tasks.

**Planning Process Review and Plan Document Check**

*Process and Participation*
□   How was the plan drawn up?
□   What was the degree and quality of community participation in the planning process? How will they be involved in its implementation?
□   Are the plan and its contents clearly desired by the intended beneficiaries?
□   Was the plan validated by the community?

*Risk*
□   If problems arise in implementing the plan, what provisions are there for resolving internal conflict?
□   Has the community considered adverse effects that might arise as a result of planned activities? What provisions have been made to address adverse affects?
□   As applicable, were government policies and regulations followed and addressed during the planning process?

*Sustainability*
□   Were sustainability issues discussed during the planning process?
□   Did the community discuss potential impact of change, both positive and negative, on their social, economic and environmental systems?
□   Did the community discuss the potential for corruption in handling activity funding and in the ownership of activity output?
□   Did the community discuss the potential need for strengthening leadership capacity as the community develops and expands livelihoods opportunities?
□   Did the community consider the political, social and economic background in which it will implement its plan?

*Gender Issues*
□   How did village leadership facilitate the integration of women in the community planning process?
□   Are women and men represented equally in planning groups?
□   Did needs assessments look into the specific problems and needs of women? Did they identify barriers to women's participation or productivity?
□   Does the plan reference "the household" or "the family"—what is the composition of households/families and expected activity impact on members?

☐ Were women involved in conducting the needs assessment? Were women beneficiaries asked their opinion on their problems and needs? On their access to resources and opportunities, or participation in the development process?

☐ Does the plan target both men and women? Does it give special attention to female-headed households with regard to access to training, technology, credit, land, etc?

☐ Is the plan concerned mainly with delivering benefits to women, or does it also involve their increased participation and empowerment to improve their ability to overcome problems and take advantage of opportunities?

☐ How will village leadership encourage and ensure broad participation of women in implementation?

☐ Is there flexibility and openness to respond to new methods and opportunities for supporting gender equality that present themselves during implementation?

*Document Check*

☐ Does the plan, as presented in the summary document, contain clear activity descriptions?

☐ Are associated sector and sub-sector information complete and accurate?

☐ Are start and end date information complete and realistic?

☐ Are potential and current donors represented in the plan? For potential donors, is their participation realistic?

☐ Are village contributions—financial and in-kind—presented in the plan?

## Content Review

Activities and Technical Aspects

☐ Are activities presented in the plan technically feasible?

☐ Are capacity building activities presented in the plan? Are there clear connections with these activities and activities that have a more technical focus?

☐ Will implementation of planned activities produce adverse effects?

☐ To what extent might the government, local authorities or other power elites interfere with or encourage planned activities?

*Gender Issues*

☐ Do planned activities challenge existing gender divisions of labor, tasks, responsibilities and opportunities?

☐ Do "problems" addressed affect women and men differently? Were women involved in the development of "solutions"?

☐ Are planned activities adding to the work of women without really adding to their disposable income? Income generating programs should help women derive income from work they already do, and not add to their workload.

☐ Will new technologies provided by activities included in the plan fall under the sole control of men? If so, what is the likelihood that women will suffer?

☐ Will women be involved in education and training? What work has been done to overcome possible opposition from men? Are complementary activities planned to facilitate women's participation in educational programs (particularly women heading households)—e.g., provision of child-care or organization of food processing?

☐ Relative to men, do women receive a fair share of the benefits that arise from activities presented in the plan? What provisions are in place to ensure equal access to benefits?

☐ Do planned activities give women increased control over material resources, better access to credit and other opportunities, and more control over the benefits resulting from their productive efforts?

Financial Aspects
☐ Are planned activity budgets and resources adequate to support implementation?
☐ Are community contributions adequate, realistic or over optimistic? Could the community be asked to contribute more?
☐ Does the plan request more funding than necessary, causing potential harm as donors may subsequently question the motivations of the village and its leaders?
☐ What assistance has the village received for activities similar to those represented in the plan? What was the result of these activities?

Monitoring and Self-Assessment
☐ Are reporting and monitoring tasks included in the plan? Are they clear, appropriate and achievable?
☐ Are there provisions for periodic implementation reviews? How often and how will they be conducted?
☐ Will it be possible to measure the progress of plan implementation and impact?
☐ When donor support is complete, is it likely that planned activities or their outputs and benefits will continue? What plans are there for continuing planned activities?

*Gender Issues*
☐ What methods are proposed for monitoring progress in reaching women?
☐ Are plans presented to monitor long-term effects on women's ability to take charge of their own lives and take collective action to solve problems?
☐ Are gender-disaggregated baseline data available (qualitative and quantitative)? Are mechanisms in place to ensure the collection and analysis of such data?
☐ Were women involved in determining indicators? Will they be involved in collecting associated data? In discussing results of the planned activities?

**DAI SPD Community Livelihoods Recovery Projects**
**Asset Replacement and Revolving Funds**
21 November 2006

Livelihoods recovery projects are an important component of USAID SPD community-based recovery and reconciliation initiatives in Aceh. In the context of SPD, asset replacement activities are critical. SPD provides support through village CSOs to community groups or individuals for replacing private assets (e.g., cattle, goats, or seed) lost in a conflict or disaster, encouraging participants to provide a level of payment back to the community in order to foster self-reliance and community cohesion. While the focus of these activities is on asset replacement and income generation, objectives related to the sustainability of revolving funds and credit schemes are equally important. To facilitate project implementation and ensure proper use of project funds, particularly the transfer of assets to individuals and subsequent repayment for these assets (in whole or in part) to other individuals or organizations within the community, DAI implements the following capacity building and monitoring procedures for all revolving fund projects funded through the SPD Program.

*Project Planning and Design*

1. All CSO staff members and village leaders participate in a series of leadership strengthening activities in the course of their participation in SPD Community-Based Initiatives. These activities aim to improve governance of local resources, and thereby increase their capacity to empower and develop their communities. The most important of these training events are the week-long courses in *Operacy* (personal empowerment) and *CoOperacy* (leadership). These activities help develop a foundation for proper governance of assets and associated revolving funds, reducing the possibility of theft or fraud in their use.

2. All CSO staff members participate in a series of capacity building events in the course of their participation in SPD Community-Based Initiatives (all CSOs have participated in one training event as of the date of this publication; a second event is scheduled for January-February 2007; additional training will be provided as necessary, keeping within time and budget constraints). These activities aim to improve the capacity of participants to effectively and efficiently manage the affairs of their village-based CSO. Training covers a range of themes and skills areas, including accounting practices and systems, procurement of goods and services, project management and operations systems, and project monitoring and assessment. Like the training events noted in item 1, above, CSO capacity building events help develop a foundation for proper governance of assets and associated revolving funds, reducing the possibility of theft or fraud in their use.

3. All village livelihoods activities and associated revolving funds supported by USAID SPD must be part of the Community Action Plan. These plans are developed using a participatory process that involves representatives of agriculture, health, women and children and other key sectors in the village. With assistance from SPD facilitators, village representatives discuss and formulate plans that address the needs of all groups in the community. They also discuss mechanisms to monitor the use of donor and village resources. This planning process helps ensure that a broad cross-section of the community agrees to the importance of each activity and associated revolving fund, including design and implementation components.

4. During discussion of projects that involve the provision of assets to individual community members and associated revolving funds, SPD facilitators ensure discussion includes issues of equitability (including environment and gender issues), transparency and accountability. That is, who receives assets first, the approach to repayment by individuals and transfer of resources to other community members, and how will funds be managed by the community. Facilitators also ensure broad community participation in these discussions and in deliberations over general

25

project design and implementation methods. (Note: experience to date suggests that most communities have previous experience implementing and managing community revolving funds, and have developed local, culturally sensitive control methods. SPD will strengthen and support existing structures whenever possible. A brief description of relevant community experience with revolving funds will be presented in individual grant proposals, including any local control methods applicable to grant-funded activities.). This process helps ensure community understanding of, and agreement and commitment to the project design, implementation process and associated management approach (i.e., plan for distribution of assets, payback scheme and fund control).

5. When selected by the community for support using SPD funds, SPD facilitators and community livelihoods officers work with village leaders to finalize project design and implementation methods. The facilitators and community livelihoods officers discuss various implementation options, ensuring the community understands the implications of selecting each option regarding, for example, the intensity of management required and burden placed on individuals receiving the asset. Details regarding payback schemes, fund management arrangements and asset distribution plans will be presented in each grant agreement. As with item 4, above, this step helps ensure community understanding of, agreement to and commitment to the project design, implementation process and associated management approach.

6. Following community discussion and agreement, SPD formulates curriculum and provides training to match community skills with the requirements of the revolving fund: the more complex the fund management scheme, the more training SPD provides fund managers (note: experience to date suggests that these funds will be quite simple to implement and manage, and therefore the associated training requirements will be minor; in addition, as noted in item 4, many villages have developed skills and experience through involvement in other community-managed revolving funds—SPD will strengthen these skills as necessary). Where possible, DAI SPD staff will provide training to fund managers. If necessary, DAI SPD will contract local experts to provide technical training and support. Skills development helps minimize potential problems such as theft, fraud and other misuse of project resources.

*Project Implementation*

7. SPD staff members and grantees (village CSOs) follow standard procedures as outlined in the DAI SPD Grants Implementation Guide and the DAI SPD Grants Administration Handbook. Supplements to these documents include the DAI SPD Grant Worthiness Guide, Input Standards Control documents and the Internal Controls Audit Guidelines. All SPD staff are responsible for implementing the policies and procedures presented in these documents, and for reporting weaknesses to DAI SPD Senior Managers. These documents are provided to all staff members, and are available in the project TAMIS.

8. During the course of project implementation, SPD facilitators will report success stories, problems and incidents to DAI SPD Senior Managers. Reported problems and incidents will be presented to and discussed with grantee senior management. DAI will request that the grantee promptly investigate problems and incidents and report their findings to DAI.

9. For projects where funding completes a cycle (i.e., first recipients of assets repay the community in whole or in part for the asset) prior to the end of the SPD contract, DAI SPD facilitators will monitor repayment discussions and activities closely, ensuring that actions follow those stipulated in the original grant agreement. With village leaders and CSO managers, facilitators will also help arbitrate disputes and mitigate conflicts that might arise. Facilitators will report any weaknesses, including instances of theft or fraud, to DAI SPD Senior Managers.

10. For projects where funding completes its first cycle after the end of the SPD contract, DAI SPD relies on participant attitude (see paragraphs 1, 3, 4 and 5) and skills developed (see paragraphs 2

and 6) during the contract period to ensure proper governance of SPD assets and funds provided to the community.

11. DAI SPD recognizes that it is not possible to eliminate completely all chance of problems occurring either before or after the end of the SPD contract period. However, by properly implementing the capacity building and monitoring activities and internal controls presented herein, SPD can greatly reduce the possibility that misuse will occur. DAI conducts regular audits and monitoring activities to provide assurance that implementation systems are functioning and policies are followed, and ensures that any weaknesses are recognized and addressed quickly by senior management.

# USAID CBR Initiative: AmeriCares-Supported Villages

Strait of Malacca

MEUNASAH KULAM

LADONG

BANDA ACEH

ACEH BESAR

MIRUK TAMAN

LAM PEUDAYA

TANJUNG DEAH

BLANG KRUENG

TANJUNG SELAMAT

LAMKEUMOK

WEU RAYA

LAMKRUET

MEUNASAH BAK UE

MESJID LEUPUNG

LAMSEUNIA

PULOT

## Legend

- 🟢 Village Location
- Aceh Besar
- Kota Banda Aceh
- National Road
- ✈ Banda Aceh Airport

0  1.25  2.5  5 Kilometers

28

AmeriCares

USAID
FROM THE AMERICAN PEOPLE

| No. | Village | CSO Name | Kecamatan | Kabupaten | Families | Female | Male | Total |
|---|---|---|---|---|---|---|---|---|
| 12 | LADONG | LADONG SEJAHTERA | MESJID RAYA | ACEH BESAR | 310 | 567 | 651 | 1,218 |
| 14 | MEUNASAH KULAM | AL HIKMAH DESA MEUNASAH KULAM | MESJID RAYA | ACEH BESAR | 178 | 391 | 352 | 743 |
| 16 | LAM PEUDAYA | TEUNGKU MEUNASAH BLANG | DARUSSALAM | ACEH BESAR | 127 | 233 | 225 | 458 |
| 17 | MIRUK TAMAN | MIRUEK TAMAN BAGI BEURATA | DARUSSALAM | ACEH BESAR | 219 | 428 | 415 | 843 |
| 19 | TANJUNG DEAH | TANJUNG SEJAHTERA | DARUSSALAM | ACEH BESAR | 203 | 437 | 365 | 802 |
| 20 | TANJUNG SELAMAT | BANTU MASYARAKAT | DARUSSALAM | ACEH BESAR | 860 | 1,663 | 1,579 | 3,242 |
| 22 | BLANG KRUENG | BLANG KRUENG BEUDOH BEURATA MAKMU SEUJAHTERA | BAITUSSALAM | ACEH BESAR | 404 | 734 | 721 | 1,455 |
| 33 | LAMKEUMOK | PEMBANGUNAN DESA LAMKEUMOK | PEUKAN BADA | ACEH BESAR | 88 | 38 | 103 | 141 |
| 37 | LAMKRUET | PANGLIMA LAOT LHOK LHOKNGA | LHOKNGA | ACEH BESAR | 311 | 361 | 540 | 901 |
| 40 | WEU RAYA | KOPERASI I MAWAR BEUDOH BEURATA | LHOKNGA | ACEH BESAR | 253 | 297 | 399 | 696 |
| 42 | MESJID LEUPUNG | HUDEEP BAROE MEUNASAH MESJID | LEUPUNG | ACEH BESAR | 150 | 57 | 152 | 209 |
| 43 | MEUNASAH BAK UE | PEUDONG MEUNASAH BAK'U | LEUPUNG | ACEH BESAR | 270 | 208 | 215 | 423 |
| 44 | LAMSEUNIA | TUAH SARAH RAYA | LEUPUNG | ACEH BESAR | 121 | 68 | 133 | 201 |
| 45 | PULOT | PEUGOET GAMPONG PULOT | LEUPUNG | ACEH BESAR | 171 | 247 | 246 | 493 |

| | | | | | Families | Female | Male | Total |
|---|---|---|---|---|---|---|---|---|
| *Place spellings by Biro Pusat Statistik (BPS); Population data collected through village surveys* | | | | Total = | 3,665 | 5,729 | 6,096 | 11,825 |
| *by DAI-SPD (conducted March 2006); Total 47 CSOs* | | | | Average per Village = | 262 | 409 | 435 | 845 |
| | | | | Average per Family = | 3 2 | 48% | 52% | = % Total |
| | | | | Min = | 88 | 38 | 103 | 141 |
| | | | | Max = | 860 | 1,663 | 1,579 | 3,242 |

Women's activities centers provide a comfortable space for women to meet and discuss pertinent issues, plan village events and develop business opportunities.



Community center in Miruk Taman

The Mesjid Leupung kindergarten is in use, full of children and equipment worthy of schools elsewhere in the region.



Happy children.

The kindergarten

Water purification and refill centers are a booming business in Aceh.



Furniture workshop has provided opportunity for artisans to ply their trade, thus supporting the greater village economy.

Support for Peaceful Democratization Program

**Baitul Qiradh Pemuda Muhammadiyah
Institutional Development Initiative**

*In Cooperation With*
**Microsoft Corporation**

**Final Report**
November 2007

**USAID Support for Peaceful Democratization (SPD) Program**

**In cooperation with Microsoft Corporation**
**BQPM Institutional Development Initiative**

**Final Report, November 2007**

**Background**
Soon after the December 2004 earthquake and tsunami, USAID provided support to the Baitul Qiradh
Pemuda Muhammadiyah (BQPM) microfinance institution to help it re-establish operations in Banda Aceh.
BQPM used grant funding of $48,700 to purchase office equipment and support operations. It also used
USAID funds to extend loans valued at nearly $33,000 to small market traders in the city of Banda Aceh and
the surrounding area.

In August 2005, SPD conducted an assessment of BQPM and the micro-credit market in Banda Aceh. SPD
determined that BQPM had strong potential for growth and a solid reputation among potential clientele.
Assessors also found that the market for micro-credit in Banda Aceh was particularly strong. At the same time,
BQPM staff members were found to be lacking skills in a number of technical areas, including strategic,
financial and credit management, and information systems. The assessment concluded that only after BQPM's
institutional capacity was sufficiently developed could additional funds for portfolio capitalization and
equipment purchases be used effectively. Following the assessment, SPD and BQPM began formulating a
strategy to strengthen BQPM's capacity to provide loans to small local businesses.

In November 2005 USAID and Microsoft Corporation signed a Memorandum of Understanding that
expressed their common goal of "supporting the Baitul Qiradh Division of Pemuda Muhammadiyah Nanggroe
Aceh Darussalam with the reconstruction of the economy through accessibility of micro-financing for the
Acehnese, particularly for especially vulnerable individuals, including women." The MoU dedicated $200,000
of Microsoft funds solely to portfolio recapitalization and capacity-building within the institution while USAID
supported the administrative and operational costs associated with SPD's implementation of the initiative.

**The BQPM Business Plan and Technical Support for Capacity-Building**
Once the MoU was signed, SPD initiated start-up tasks that provided a foundation for subsequent capacity
strengthening activities. Most importantly, in December 2005 SPD conducted a comprehensive business
planning exercise with BQPM staff. Facilitated by a microfinance specialist, the three week process resulted in:
1. A strategic plan outlining the mission, objectives, and strategy of BQPM;
2. An operational plan describing activities and resources needed to take BQPM from its current
   position to one of sustainability by 2010; and
3. A financial plan, including the funding needed to implement the operational plan and the anticipated
   financial projections.

As advised by the micro-finance specialists who carried out the August 2005 BQPM assessment and
December 2005 business planning exercise, SPD and BQPM contacted Permodalan Nasional Madani (PNM),
a national secondary cooperative of financial cooperatives, to discuss support that they might provide to
BQPM. PNM has a solid reputation and an excellent track-record of microfinance work across Indonesia.
Through membership in PNM, BQPM would have obtained a package of critical training and capacity-
building technical assistance for their staff. With this in mind, SPD actively pursued membership for BQPM in
PNM.

However, despite PNM's good national reputation, its newly established Aceh branch proved unable to
provide a timely proposal for addressing BQPM's needs. Although SPD and BQPM met with PNM
management on numerous occasions to finalize a BQPM membership package, PNM was unable to respond
quickly with a proposal to move forward. Further investigation among organizations operating in Aceh
suggested that PNM Aceh was simply overwhelmed with on-going tasks. Knowing this, and following months
of little progress toward membership and no clear indication that PNM would be able to provide necessary
support, BQPM and SPD began searching for alternatives in May 2006. Given the importance of institutional
strengthening activities that are at the core of this initiative, it is crucial that all technical training and loan
management software be in line with international best standards and be supplied to BQPM in a timely
manner.

In July, SPD awarded a grant to the Microfinance Innovation Center for Resources and Alternatives (MICRA) to provide a range of technical assistance inputs to BQPM to assist it in meeting Business Plan targets. MICRA is providing training, consulting and other services in the following areas:

- Performance ratings and needs assessments;
- Credit risk management;
- Financial product review and design;
- Accounting and financial management;
- Standard operating policies and procedures;
- Management information systems; and
- Human resource management.

### Assessing Progress

MICRA's first task was to conduct an assessment of BQPM operations. The results of this assessment, completed in August 2006 (using data as of end June 2006), were matched against SPD milestones for BQPM institutional development. Generally, MICRA found that BQPM was largely on target for continued funding, having met or exceeded most milestones required for SPD to release portfolio funding. BQPM's main weaknesses remained in the areas of portfolio quality and MIS development.



Operations Manager finalizing Standard Operating Procedures

Following on the August assessment, MICRA carried out a client satisfaction survey and conducted trainings for loan officers focused on delinquency management. MICRA also discussed and made plans with SPD and BQPM the need for additional technical assistance regarding:
1. Human resource and operations management training;
2. Basic accounting, financial, and credit analysis trainings; and
3. Installation of a management information system and accompanying training.

In November 2006 SPD and BQPM designed a third and final grant agreement supported by Microsoft funding comprised of activities that will address priority needs identified by MICRA. Much of the financial assistance committed in this agreement would be used to build BQPM's loan portfolio; funds would also be used to hire additional staff and to strengthen institutional capacity through management and technical skills training.

The agreement divided the delivery of portfolio capital funds into four tranches, stipulating that each tranche be released only after BQPM reaches milestones and performance targets set forth and agreed to by BQPM and SPD in collaboration with MICRA. SPD disbursed the first tranche of $27,382 in December 2006.

### February 2007 Audit of BQPM

In February 2007, MICRA conducted its second audit of BQPM (using data as of end December 2006). The audit report highlighted two critical issues that represented major challenges moving forward: first, the questionable commitment of BQPM directors, senior management and technical staff to develop BQPM into a reputable financial institution; and second, a very serious loan delinquency crisis. Lack of senior staff commitment led to ineffective management and poor implementation of new processes which, in turn, led BQPM into its current loan delinquency crisis.

Using December 2006 data, MICRA found that 95 percent of all BQPM loans were at risk (i.e., more than 30 days in arrears). Furthermore, 69 percent of all loans were more than one year in arrears. That a large number of loans were more than a year in arrears had been known since the August audit, at which time BQPM was advised to write-off these loans. BQPM was also advised to set aside provisions for potential losses stemming from these loans. BQPM took no action on these issues (resulting in inflated asset statements). Loan delinquencies of these levels threatened the viability of BQPM. Indeed, MICRA found that the financial sustainability of BQPM had fallen to just 12 percent in December from 29 percent in August. This was far short of the second tranche milestone of 45 percent for this indicator.

This situation was largely the result of insufficient leadership and guidance within BQPM. Decisions on how and when to write-off poorly performing loans, and guidance on formulating and implementing new systems and procedures must come from directors and senior managers. They had failed to provide the decisions and guidance needed to improve BQPM capacity and sustainability. Given the limited amount of time that directors and senior managers spent on BQPM issues, it was not inappropriate to question their commitment to the institution. Lack of commitment sends a strong message to all staff members, sapping their dedication to daily tasks and incentive to implement new processes necessary to improve BQPM (including design and implementation of policies and procedures for the collection or refinancing of loans).



Accounting staff member learning how to use the new PT USSI accounting software package

Another important cause of the delinquency crisis was poor analysis of risk associated with new borrowers (loans extended in November 2006 were already at risk in May 2007). BQPM staff reported that pressure to expend donor funding led them to hurry their analyses, leading to errors in assessing risk and provision of loans to high risk ventures. Other factors included lack of effective management information systems and a perception among borrowers that BQPM loans were actually grants.

Additional findings of the February audit are presented below (summarized from the MICRA report "Preliminary Findings and Recommendations").

*Major Findings and Recommendations*
A. *BQPM is experiencing a severe delinquency crisis, with 95% of all loans greater than 30 days in arrears. No further funding should be provided to BQPM until they have hired a qualified Credit Manager and provide strong oversight to credit and collections staff;*
B. *BQPM should not make new loans (they have high liquidity levels from past funding) and focus on decreasing delinquency levels by recovering funds from existing loans;*
C. *All future technical assistance should be oriented to pulling BQPM out of its delinquency crisis. Key areas for technical assistance include installing a proper MIS, formal and informal training for loan officers, and assisting financial staff to conduct necessary write-offs; and*
D. *The 5-year business plan prepared with USAID assistance is not being used as a management tool, and has not been elaborated into annual plans. BQPM should develop immediately a new business plan which establishes an achievable "turnaround process" that includes hiring experienced personnel for all posts. BQPM's board and senior management must lead this process, but will need technical assistance to ensure that a comprehensive plan is developed.*

*Major Challenges*
1. *BQPM governance is not fully effective. For a variety of reasons, board members and senior management are not fully committed to BQPM and fail to provide effective guidance and direction to the institution;*
2. *BQPM management staff lack skills needed to effectively manage and lead the institution to its goals and targets. Decision making is overly centralized, and typically slow, uninformed, and unresponsive;*
3. *BQPM is not adequately staffed and existing staff do not have the skills needed to effectively carryout their tasks. Client service is weak;*
4. *BQPM is heavily reliant on USAID funding and does not have a strategy for financing itself when these donor funds are exhausted;*
5. *BQPM has not established internal control processes. Control over client information is incomplete and data therefore must be considered suspect. Staff post transactions without verification or oversight by other staff members; and*
6. *BQPM accounting policies and procedures are not in full compliance with Indonesian accounting norms. Data on expenses related to loan loss provisioning and loan loss reserves are not recorded, leading to overstatements of profitability. Loan losses are not written off, leading to overstatements of assets.*

Leadership by and commitment of BQPM directors and senior managers was a particularly important challenge. It was a challenge not easily overcome. SPD assisted BQPM staff members to develop a business

plan; facilitated the implementation of training events for them; paid salaries in order to free staff from daily loan collection duties so they might focus on implementing new policies and procedures; and provided funding for new loans. This range and depth of support provided adequate stimulus and incentive among participants to become active in developing their organization. Again, largely because of inadequate leadership from the top, rank and file staff members had not been motivated to change. Rather, a casual environment persisted in which staff members did not check the work of their colleagues and no one asked critical questions. Recruitment was not merit-based, which led to the hire of ill-qualified staff. The leadership vacuum made it very difficult to generate the cultural change within BQPM that was needed to develop its institutional capacity.

It was also important to recognize that BQPM was heavily reliant on USAID and Microsoft funding. At the same time, donor funds alone could not improve BQPM operational or financial sustainability. Again, lack of effective leadership and management—and associated poor implementation of new strategies, policies and procedures—pushed BQPM into crisis. After solving the crisis, BQPM focused on questions of how it would function at the conclusion of its partnership with USAID and Microsoft. For example, would it be a membership-based cooperative or a private company?

**Meeting the Challenges**
Given the challenges, SPD focused its effort on three main areas of work: [1] motivating BQPM leadership and staff; [2] installation and customization of an MIS accounting software package; and [3] contracting of a technical advisor to support BQPM in meeting business targets and help it increase its overall organizational capacity.

Motivating BQPM Leadership. SPD discussed with BQPM senior management the roles and responsibilities of its leaders, particularly in regards to the implementation of new policies and procedures. BQPM managers renewed their commitment to leading the organization according to its goals and objectives. In mid-April 2007, as part of SPD's approach to empowering BQPM management, SPD facilitators conducted a 3-day personal empowerment and leadership training event (Operacy). All BQPM staff participated in the training event—including senior management and board members.

> I'm able to apply many concepts learned in Operacy training to real life, including my work at BQPM. Even though everyone has a different role in the organization, we are all interdependent and we have to work together to achieve our goal of making BQPM a successful organization.
>
> - *Rahmadna, BQPM MIS Staff*

MIS Accounting Software. In April 2007, after detailed discussions with MICRA, BQPM selected and purchased an integrated MIS accounting software package designed by P.T. USSI, a Jakarta-based firm with technical support officers located in Banda Aceh. (The same package is being used by over 70 microfinance institutions in Aceh, including several Sharia-based cooperatives.) With a newly installed Local Area Network (LAN) in the BQPM office, multiple users were able to access the accounting software to maintain the accuracy and completeness of all client accounts. BQPM staff capacity improved through the customization and training phase (designed to complement the new office software and infrastructure support) which was completed by the end of May. The new accounting system, internet access and associated training encouraged tighter internal controls, streamlined loan management, and facilitated financial accounting practices.

Technical Advisor. A technical advisor (contracted through MICRA) was hired to work with BQPM on a daily basis from May 9 to July 3. The advisor was tasked with mentoring BQPM staff, increasing accountability of loan management and repayment practices, and encouraging greater commitment of all BQPM staff members (including board members and senior management). The technical advisor:

- Recruited a qualified Credit Manager to supervise five loan officers and oversee the expansion of BQPM's client base;
- Oversaw BQPM efforts to follow and update its business plan, and establish realistic goals and targets;
- Provided direction in the implementation of new procedures, such as operations manual and internal control guidelines;
- Helped address loan delinquency issues by, for example, working with MICRA to re-customize the BQPM training plan, and focusing on developing skills and strategies needed to prevent delinquencies; and
- Assisted BQPM senior managers in the design of a loan write-off strategy.

In mid-May, after assessing BQPM's progress during the previous three months, SPD authorized the release of second tranche funds (approximately $27,700).

**June 2007 Audit of BQPM**
In June 2007, MICRA conducted a third and final audit of BQPM. The audit report highlighted several positive developments:

*Major Findings*
A. *BQPM's Non-Performing Loans (NPL) showed significant improvement (be percentage) compared to December 2006 – after MICRA provided basic technical assistance, such as: delinquency management, loan officer training, financial analysis and MIS training;*
B. *BQPM had established a policy and marketing strategy to conduct market expansion to mobilize funds and create new savings products;*
C. *BQPM showed a commitment to implement suggestions offered by the MICRA technical assistant; and*
D. *The business plan was completed and submitted to the BQPM management and board of directors.*

*Major Challenges & Suggestions*
1. *BQPM should find a General Manager who has experience in Sharia lending practices and microfinance, and has strong leadership and motivational skills; and*
2. *Pemuda Muhammaidyah NAD should find and install board members and supervisors who understand microfinance operations and principles, and who have a commitment to improve BQPM's performance. The board members and supervisors should be responsible for ensuring that accounting, MIS, financial reporting and internal management systems are appropriate and functioning.*

**Meeting the Challenges**
Selecting Board Members & Supervisors. After the 3-day personal empowerment and leadership training event conducted by SPD in mid-April 2007, that involved senior management and board members, BQPM staff and management held discussions about the structure and staffing of the organization. There were concerns about the level of effort that management was dedicating to the work, a concern consistently addressed by SPD and outside consultants. In early September, the Chairman of Pemuda Muhammadiyah NAD and other members were replaced, leading to significant developments in the staffing and management of BQPM.

- In July, Pak Nyak Arief Fadhillah Syah was elected as the new Chairman of Pemuda Muhammadiyah NAD. He is knowledgeable about microfinance practices and procedures and has set up a unit to oversee all economic activities, headed by Pemuda Muhammadiyah Vice Chairman, Pak. Syakir Walad.
- In September, Pemuda Muhammadiyah selected Pak Firdaus Nyak as the new Chairman of the Supervisory Board, replacing Pak Tarmizi Gadeng, along with his entire staff.
- Also in September, Pak Musliadi M. Tamim was appointed as Chairman of the Managing Board.

BQPM General Manager & Staff. As a result of the changes in the membership of Pemuda Muhammadiyah NAD, there was a push to find a new General Manager of BQPM. In September, Pak Taqwaddin was replaced by Pak Zulfikar ZB Lidan. Pak Lidan has accepted the BQPM business plan and has committed to supporting in full efforts to improve operations, and accelerate the restructuring and strategic planning processes.

**The Future of BQPM**
There has been marked improvement in all aspects of BQPM's work since the USAID and Microsoft dedicated to building capacity and improving overall operations of the Shari-based microfinance institution. Despite slow progress in some areas, BQPM remains one of the only local microfinance organizations active in many areas of Aceh, and that is in-line with local sensitivities concerning Sharia principles and the Acehnese culture. After years of Microsoft assistance, BQPM ha progressed to the point where other donors are interested in providing further assistance to the organization. Mercy Corps and MICRA are presently in discussion regarding potential next steps and program viability moving forward.

**Financial Summary**

| Grant Title | Total Grant Award |
| --- | --- |
| BQPM Institutional Development Initiative, Operations Support | $10,511.64 |
| BQPM Technical Assistance (through MICRA foundation) | $32,030.67 |
| BQPM Institutional Development Initiative, Operations and Portfolio Support | $157,450.25 |
| | **$199,992.56** |

**BQPM Institutional Development Initiative: Milestones and Performance Targets**

| Indicator | Aug06 Audit Results (BQPM data as of end June06) | Tranche 1 Requirement 13Nov06 | Feb07 Audit Results (BQPM data as of end Dec06) | Tranche 2 Requirement 24May07 | Jun07 Audit Results (BQPM data as of end Jun07) | Tranche 3 Requirement Planned May07 | Tranche 4 Requirement Planned Aug07 |
|---|---|---|---|---|---|---|---|
| **Profitability** | | | | | | | |
| Operational Sustainability | 41% | 35% | 40% | 55% | 20% | 80% | 110% |
| Financial Sustainability | 29% | 25% | 12% | 45% | 10% | 70% | 100% |
| **Portfolio Quality** | | | | | | | |
| Portfolio at Risk > 30 days | 80% | 10% | 95% | 8% | 66% | 6% | 4% |
| Full provisioning for losses based on aging of arrears | None made, significant provisions needed | | None made, significant provisions needed | | None made, significant provisions needed | All necessary provisions made | All necessary provisions made |
| Write off all bad loans > 1 year in arrears | None made, significant write offs needed | | None made, significant write offs needed | All necessary write offs made | None made, significant write offs needed | All necessary write offs made | All necessary write offs made |
| Cumulative Write offs | None made | 2% | None made | 2% | None made | 2% | 2% |
| **Efficiency** | | | | | | | |
| Operating Efficiency | 31% | 35% | 29% | 30% | 58% | 28% | 25% |
| Loans per Loan Officer | 129 | 80 | 80 | 100 | 203 | 120 | 140 |
| **Outreach** | | | | | | | |
| Women as % of clientele | 23% | 30% | 23% | 35% | 23% | 35% | 35% |
| Average loan size | 915,000 IDR | 1.5 million IDR | 1.4 million IDR | 1.8 million IDR | 1.3 million IDR | 2.0 million IDR | 2.3 million IDR |
| **Institutional Capacity** | | | | | | | |
| 3 year business plan with budgets and financial projections developed | Complete | Complete | | | Complete | | update plan and targets |
| Business plan used as management tool, actual performance tracked against planning targets | Not complete | Complete | Not complete | Complete | Complete | Complete | Complete |
| MIS system operational, producing accurate reports on timely basis | Not complete | Complete | Not complete | Complete | Complete | Complete | Complete |
| Computerized accounting system operational, based on Indonesian accounting standards, producing accurate reports on timely basis | Not complete | Not required | Not complete | Complete | Complete | Complete | Complete |
| Operational and Administrative Policy Manuals complete, socialized to staff | Not complete | Not required | Not complete | Complete | Not complete | | Complete |
| Job descriptions and staff contracts developed, signed by staff and on file | Not complete | Complete | Complete | Complete | Complete | | |
| Effective staff incentive and evaluation system developed and in operation | Not complete | Not required | Not complete | Not required | Not complete | Complete | Complete |
| Internal control systems documented & functioning | Not complete | Not required | Not complete | Complete | Not complete | Complete | Complete |
| Legal status issues resolved | Not complete | Not required | Complete | Not required | Complete | Complete | Complete |
| Staff training goals met for period | Not complete | Complete | Complete | Complete | Complete | Complete | Complete |
| External audit performed | Not complete | Not required | Not Complete | Not required | Not Complete | Not required | Complete |
| **MICRA RECOMMENDATION** | RELEASE FUNDS | | DO NOT RELEASE FUNDS | | DO NOT RELEASE FUNDS | | |

**Shade = Milestone not attained**

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### USAID SPD Community-Based Initiatives
### Monitoring and Assessing Progress and Impact

*This Version: September 2006*

Monitoring and assessing progress are important components of any project management system. Frequent monitoring helps ensure that program resources are delivered to and used by intended groups. SPD recognizes the importance of monitoring activities and assessing their results, particularly in disaster recovery and post-conflict reconstruction and reconciliation initiatives, and has designed and put into operation a comprehensive system to measure progress and impact.

The monitoring and assessment (M&A) system helps SPD answer not only questions regarding who is receiving and how they are using program resources, but, more important, whether program activities facilitate intended impact in stakeholder communities. It integrates quantitative and qualitative data, thereby facilitating a broad analysis of progress and enriching our understanding of the impact of SPD actions.

The foundation of the M&A system is the program framework, and the expression of objectives, outputs and activities contained in it. The framework defines what SPD plans to achieve and includes indicators for measuring progress. SPD periodically reviews its indicators to ensure they remain appropriate, measurable, and efficient.

Two general types of indicators are used to measure progress. The first type is <u>output indicators</u>. These tend to be quantitative and provide information regarding, for example, numbers of beneficiaries, infrastructure constructed and jobs created. SPD staff members regularly collect these data throughout the implementation of grant-funded activities. Data sources include grant agreements, finance and final reports, interviews with community representatives, and field visits.

The second indicator type is <u>impact indicators</u>. These are mostly qualitative and help SPD assess the impact of our activities and progress toward achievement of overall program objectives. Examples of these indicators include stakeholder perception of changes in well-being, and community perception of the capabilities of their leaders. Collection and analysis of such information provides rich insight into program results, highlights emerging opportunities, and helps SPD maintain focus on achieving desired impacts. It also facilitates investigation with various stakeholders of underlying assumptions and program strategies.

SPD collects information on impact indicators on a regular basis during program implementation. Sources of information include focus group discussions and interviews with community groups, village leaders, and government officials in the project locale. When collecting impact information, SPD staff members gather perspectives and triangulate input from a variety of sources. This generates a realistic impression of the positive and negative impacts of SPD activities.

The M&A system is designed to operate effectively and efficiently, channeling important information quickly to project managers. The focus is not on reports or on endless meetings

covering details of every activity supported. Instead, the system facilitates the flow of information regarding critical aspects of SPD activities to management and program development staff. It encourages them to quickly analyze and discuss this information, to learn from our experiences, and reach decisions regarding possible changes in program strategy or direction.

More simply stated, the system facilitates learning about what SPD is doing—opportunities seized, problems encountered and solutions applied, and impact achieved—and encourages quick application of lessons learned as points of reference in our daily work. Because of the highly dynamic environment that prevails in disaster and post-conflict environments—and the rapid changes this implies for programming in these situations—quick action based on accurate information is critical. The M&A system facilitates this.

While implementation of the M&A approach is not linear, and the monitoring-analysis-decision making cycle is continuous and interactive, its core elements include:

- Regular M&E Manager and Program Development Staff field visits to monitor and assess progress—for a representative sample of communities, interviews are conducted with key stakeholders and quantitative data are collected as appropriate (focus is on impact indicators; staff do not assess activities they developed in order to ensure unbiased investigations of progress and impact);
- Immediately after field visits, structured meetings with key staff to discuss findings, determine lessons learned and best practices and how they might be incorporated into new activities, and discuss implications for existing strategies and policies;
- Systematic collection of quantitative indictor data for all grant-funded activities, guided by the M&E Manager;
- Storage of quantitative data in the SPD project database (TAMIS) for analysis and documentation tasks;
- Documentation of key lessons learned and best practices; and
- Reports written as necessary.


The focus of the M&A system is on quick learning and quick applications of lessons to future activities. It aims to facilitate and encourage a cycle of learning that steadily builds staff knowledge of what works and what does not. Through participation in M&A activities, staff and stakeholders gain deeper understanding of the impact of their actions, and uncover information and identify alternatives which facilitate the making of better decisions.

Progress and impact assessments help illuminate the success of a project or initiative in relation to its objectives, and the extent to which intended beneficiaries have really benefited. They also provide a check on the use of SPD resources, and help us improve our work through the dissemination of information about project experience and outcome. By encouraging reflection and observation, assessments help us maintain focus on our larger objectives—the "big picture"—and help ensure that our actions and beliefs are in line with reality.

*This version: September 2006*

# USAID SPD – 2006-2007 Aceh CBR Initiative Output and Impact Progress Indicators

**Objective:** Empower civil society by building their capacity and capability to determine, plan, implement and manage the rehabilitation of their communities effectively and efficiently.

**Outputs:**
1. Substantial and sustainable improvement in livelihoods in target communities [*Livelihoods Milestones*];
2. Good governance practiced and nurtured in target communities [*Governance Milestones*]; and
3. A process for integrated community-driven recovery and development that can be adopted and adapted in other areas of Aceh.

Note: Black diamond = milestone achieve

| ID | Milestone/Indicator | Finish | Q1 06 | Q2 06 | Q3 06 | Q4 06 | Q1 07 | Q2 07 | Q3 07 |
|----|---------------------|--------|-------|-------|-------|-------|-------|-------|-------|
| 1 | Livelihoods 1: Increased perception of well-being among villagers, improvement from September 2005 assessment | 8/30/2006 | | | ◇ (Aug) | | | | |
| 2 | Livelihoods 2: Increased perception of well-being among villagers, improvement from August 2006 assessment | 1/1/2007 | | | | ◇ (Dec) | | | |
| 3 | Livelihoods 3: Increased perception of well-being among villagers, improvement from December 2006 assessment | 8/17/2007 | | | | | | | ◇ (Aug) |
| 4 | Governance 1: Village CSOs Formation (56 Villages) | 1/30/2006 | ◆ (Jan) | | | | | | |
| 5 | Governance 2: Community Action Plan 2006-07 in 56 villages | 3/30/2006 | ◆ (Mar) | | | | | | |
| 6 | Governance 4: Increased Community Participation in the Formulation and Ownership of Local Development Plans | 4/30/2006 | | ◆ (Apr) | | | | | |
| 7 | Governance 3: Community Development Goals 2006-2011 in 56 villages | 5/30/2006 | | ◇ (May) | | | | | |
| 8 | Governance 5: Revealed Capacity to Manage Donor Funding Thru Village CSOs | 8/30/2006 | | | ◆ (Aug) | | | | |
| 9 | Governance 6: Revealed Capacity of Village Leaders to Prevent and Mitigate Conflict | 8/30/2006 | | | ◇ (Aug) | | | | |
| 10 | Governance 7: Increased Coordination Between Village and Kecamatan | 8/30/2006 | | | ◇ (Aug) | | | | |
| 11 | Governance 8: Community Action Plan 2007-08 in 56 villages, improvement over 2006-07 plan | 1/1/2007 | | | | ✕✕ Planning Activity Cancelled (Dec) | | | |
| 12 | Governance 9: Increased Community Participation in the Formulation and Ownership of Local Development Plans, improvement from August 2006 assessment | 1/1/2007 | | | | ✕✕ Planning Activity Cancelled (Dec) | | | |
| 13 | Governance 10: Revealed Capacity to Manage Donor Funding Thru Village CSOs, improvement from August 2006 assessment | 8/17/2007 | | | | | | | ◇ (Jul) |
| 14 | Governance 11: Revealed Capacity of Village Leaders to Prevent and Mitigate Conflict, improvement from August 2006 assessment | 8/17/2007 | | | | | | | ◇ (Jul) |
| 15 | Governance 12: Increased Coordination Between Village and Kecamatan, improvement from August 2006 assessment | 8/17/2007 | | | | | | | ◇ (Jul) |
| 16 | Governance 13: Revealed impact of Community Action Plan 2006-07 | 8/17/2007 | | | | | | | ◇ (Jul) |
| 17 | Governance 14: Revealed progress in achieving community development goals 2006-11 | 8/17/2007 | | | | | | | ◇ (Jul) |
| 18 | Process Milestone 1: Forum to Discuss CBR strategies, framework, processes and outcomes; BRR, WB, USAID, Village Leaders | 9/30/2007 | | | | | | | ◇ (Jul) |
| 19 | Process Milestone 1: Documentation of CBR strategies, framework and processes (final report) | 9/30/2007 | | | | | | | ◇ (Jul) |
| 20 | Process Milestone 2: Success Story document presenting case studies of CBR adopted/adapted in other areas of Aceh | 9/30/2007 | | | | | | | ◇ (Jul) |

# Cepu Area Community Development Plan

Recommendations, Approach and Initiatives for a Comprehensive and Integrated Program

April 2007

# Cepu Area Community Development (CACD) Plan

Recommendations, Approach and Initiatives
for a Comprehensive and Integrated Program

April 2007

# Contents

# Communications Strategy and Plan 22

# Program Funding 25

# Implementing Partners 29

# Summary of Program Elements and Timeline 31

## Annexes (see companion document):

ANNEX I:  PHASE I WORKPLAN

ANNEX II:  DETAILED CACD FRAMEWORK

ANNEX III:  FINAL CACD BRIEFING, PRESENTATION SLIDES

ANNEX IV:  MICROFINANCE & ENTERPRISE DEVELOPMENT COMPONENT

ANNEX V:  AGRICULTURE VALUE CHAIN COMPONENT

ANNEX VI:  COMMUNICATIONS COMPONENT

# Executive Summary

The Cepu Area Community Development (CACD) Plan is the final deliverable of work under the design effort, or Phase I, outlined in the Mobil Cepu Ltd. (MCL) memorandum of understanding with USAID. The plan was prepared by the professional staff of USAID/Indonesia's Support for Peaceful Democratization Project (SPD), implemented under contract by Development Alternatives, Inc. (DAI), along with technical personnel from the DAI office and from other USAID programs implemented by DAI in Indonesia. Research and field work to develop the plan were completed between December 2006 and March 2007.

The CACD Plan presents recommendations for the design of the CACD program, including an overall approach and specific initiatives. Findings from research and field work are also presented. The main recommendations and findings are as follows (corresponding to the individual sections of this document).

***Design Drivers.*** The design of the CACD program was guided by two overarching goals articulated through discussions between MCL and DAI: first, that MCL is viewed as a responsible corporate citizen and valued neighbor in the Cepu area; and second, that the CACD Program contributes to sustainable community development and well-being by building on community assets, values, and aspirations.

***Locations***. The plan recommends that the program focus on the villages and sub-districts (or *kecamatan*) within Bojonegoro and Tuban and, to a lesser extent, Blora that will be most directly affected by MCL operations. Specifically, the plan identifies over 100 villages in these regencies, divided into three tiers on the basis of timing, proximity, and potential impact of MCL operations. The Tier I communities—16 villages with approximately 14,000 inhabitants—would be the first and most highly affected by MCL operations and therefore should be the first to be attended to by the CACD program. An estimated 94,000 people—the total population of the three tiers of communities—would be involved in the CACD program over its five year duration. CACD may also need to address additional communities in Central and East Java as oil and gas production in these provinces comes online and reaches full capacity in 2012.

***Governance***. Three governance options are presented for consideration: (1) an in-house MCL program with an internal staff conducting initiatives and delivering services; (2) a public-private partnership with and through other donor agencies (much like the current USAID memorandum of understanding); and (3) direct engagement of competent local or regional development organizations to undertake the work under a clearly articulated CACD umbrella. Under any option, the plan recommends the formation of a CACD Advisory Council with broad representation to engage specific local, regional, national, and international stakeholders in advancing the program's goals.

***Initiatives.*** The plan proposes specific program initiatives and implementation activities that target three objectives: (1) improved livelihoods and economic growth for communities; (2) effective civil society organization (CSO) engagement to lead community development processes; and (3) improved community health, education, and well-being. By targeting these objectives, program initiatives will yield measurable results and facilitate monitoring of progress toward overall CACD goals. Initiatives to improve livelihoods (the first objective) will focus on improving agriculture output, developing and expanding opportunities for small and medium enterprises, and on increasing access to financing. Community development initiatives include community and regional planning, CSO capacity-building, and training in

support of improved community governance. Initiatives to improve health and well-being will address basic services, public infrastructure, and education.

*Communications.* Effective program communications are essential so that CACD partners, donor agencies, and the affected citizenry are cognizant of their respective roles and responsibilities in the program. This plan presents for discussion elements of a communications strategy as well as specific initiatives.

*Potential impact.* There is little choice but to undertake an intensive community development assistance program in the Cepu area at this time. Public concern about extractive industry operations has been exacerbated by the highly publicized mudflows elsewhere in East Java and especially in Sidoarjo district, which created a host of negative effects. (Since the exploratory gas company PT Lapindo Brantas hit a pocket of mud and gas in a routine drilling in May 2006, a mud volcano has spewed over twenty-five cubic kilometers of sludge and hydrogen sulphide gas, burying eight villages and displacing over 10,000 people, and lasting disruptions to industry and transport in the area.) Further, neither the government nor civil society in the Cepu area currently have the capacity to effectively plan for, or influence, much of the fundamental social, economic, and political changes unfolding in anticipation of major oil and gas production coming on line. Enhanced capacities to do so will enable stakeholders in the region to better influence the nature and direction of these changes, contributing to greater security and an improved well-being for residents—and a better business environment for companies like MCL.

*Costs and Funding.* The total cost of the CACD program, as outlined in this plan are estimated at $4-$5 million per year, or a total of $20-$25 million over the five year program duration. The broad range results from the recommendation to have focus villages identify, through the CACD program, the measures they consider most important for improving community well-being (including infrastructure, health services, education, and basic public services). These estimated costs cover only initiative implementation (including, for example, grants for training, infrastructure capital costs, the provision of technical assistance, and funding to capitalize credit programs); management and implementation support costs are not reflected in the estimates.

Any five-year program comparable to CACD is complex and costly, so it will be important to construct solid partnerships with organizations to facilitate program implementation and for co-financing of program initiatives. Potential partners include the Government of Indonesia, the World Bank, USAID, and other multinational companies. This document reviews the opportunities of securing effective partnerships.

# Introduction

On October 2, 2006, Mobil Cepu Ltd. (MCL) signed a memorandum of understanding (MOU) with the United States Agency for International Development (USAID) to support the design of a plan for a strategic development program referred to here as the "Cepu Area Community Development (CADC)" program. USAID engaged Development Alternatives, Inc. (DAI) through the ongoing Support for Peaceful Democratization (SPD) project in Indonesia to develop a design for the plan.

DAI personnel carried out a field assessment in the Cepu area and conducted interviews and focus group sessions with key stakeholders. Some of these stakeholders were residents of "high impact" areas previously defined by ExxonMobil or areas where there has been exploratory drilling; others were from villages along the proposed pipeline route. Interviews were also conducted with control groups outside current or anticipated areas of MCL operations. Previous reports and studies sponsored by ExxonMobil or MCL provided background on social and economic issues and on community perceptions and expectations in an earlier period. Also taken into account were ExxonMobil community development initiatives in other countries, in particular, the priority characteristically given to three "baskets" or sectors: education, health, and economic development.

The results of this design effort and provisional recommendations were presented in a draft report (March 15, 2007). This final report incorporates comments on the earlier draft as well as input resulting from the final presentation of the findings to senior managers from USAID, ExxonMobil and MCL on March 23, 2007. A copy the power point presentation that guided this final briefing is included in the appendix.

The recommendations, approach, and initiatives presented here reflect a number of guiding principles. First, MCL's support for community development is considered supplemental to the government's development programs. CADC Initiatives are intended to support, not supplant, the government's role. Second, priority is placed on initiatives with clear objectives (long- or short-term) where sustainability is paramount, and where the culture and values of the communities involved are given due respect. Third, the initiatives recommended focus on enhanced civil society capacity at the village and regional levels as a key mechanism for enhancing governance and making sustainable improvements in community well-being.

Finally, we recognize that commitments to values are likely to endure even as program activities and objectives change. We therefore propose a CADC program that reflects ExxonMobil's commitment to values as a Corporate Citizen, specifically *"...to maintain the highest ethical standards, obey all applicable laws and regulations, respect local and national cultures, and run safe and environmentally responsible operations."* We also conclude that the prospects for successful development efforts in the Cepu area will be improved by a values-sensitive approach, meaning one where design and implementation efforts that engage and empower communities and civil society in an on-going process.

Fundamental changes are already underway in the Bojonegoro, Tuban, and the Blora Districts (or Regencies)—the border areas around the city of Cepu along the northern provincial borders of Central and East Java. For stakeholders such as ExxonMobil and MCL, it is crucial that the result be expanded opportunity for residents impacted by planned land acquisition, construction, and MCL operations. Equally important is that the risk of negative impacts be minimized.

# Program Drivers: Goals and Objectives

The overarching goals for the CACD program provide a vision important not only for program designers, but also for stakeholders: MCL and ExxonMobil, other potential donors, for the affected communities, and for civil society organizations (CSOs) in those communities or elsewhere in the region. The goals also guide the identification of specific initiatives and activities recommended for the program. The goals have to take into account not only MCL's business model—which gives due emphasis to meeting construction milestones and production targets—but also a classic development model that favors broad participation in planning, a commitment to engaging local stakeholders in an ongoing process.

Discussions between MCL and DAI led to the articulation of two overarching goals for the CACD program:

1. **MCL is viewed as a responsible corporate citizen and valued neighbor in the Cepu area.**

2. **The CACD program contributes to sustainable community development and well-being by building on community assets, values, and aspirations.**

In order to steer the CACD program toward yielding tangible, measurable results, and enable progress to be monitored, this plan proposes that program initiatives and activities target three objectives, each of which allows for a number of quantitative indicators. The objectives recommended, and illustrative indicators for each, are as follows.

**Objective 1: Improved livelihoods and economic growth** resulting in communities that thrive while MCL is operating in the region and long afterwards. *Illustrative indicators:*

- Number of viable enterprises increased by X% over five-year period.

- Number of enterprises expanding job opportunities benefiting focus villages.

- Average family income of those participating in CACD's livelihoods initiatives increase by X% over the five-year period.

- Each community perceives MCL presence as a net positive in the community.

**Objective 2:  Effective civil society engagement in the development process** and capacity-building to lead that process,  resulting in communities that govern themselves and in which MCL is a valued citizen. *Illustrative indicators:*

- Each community has access to meaningful dialogue and recourse with MCL.

- Primary decision-making for the community development program resides with community organizations by end of five year program.

- Community Action Plans reflecting development priorities are adopted by villages.

- Primary monitoring responsibility for the CACD program resides with CSOs within the first five years.

- CSOs become the locus for managing community development initiatives (planning, implementing, monitoring) by the fifth year of the program.

**Objective 3: Improved community well-being** through improved access to, and quality of, health, education, infrastructure, and basic services in areas where MCL is operating—resulting in strong community support without incident for continuing production. *Illustrative indicators:*

- Reductions in indices of infant mortality over five-year period.

- Broader access to improved education and health care services.

- Improved sanitation and water source protection to increase access to quality drinking water and reduce incidences of water-borne disease.

- Improved access to, and satisfaction with, basic services at the village level.

- Each community feels MCL is meeting its social commitments.

- Zero interruptions due to social disruption over the construction phase.

Figure 1 is a "results framework" that depicts the relationships between the goals, objectives, and indicators graphically. As indicated, Objectives 1 and 2 also contribute to the achievement of Objective 3.

We recommend that the development, planning, implementation, and monitoring of CACD initiatives actively engage, as equal partners, community members and leaders in an on-going participatory process. This process would be reinforced and sustained by helping to strengthen local and regionally based CSOs that can broadly represent community members. Local CSOs, as well as local private enterprises and government agencies, are considered not only as key stakeholders but in many instances primary implementing partners.

The plan makes CSOs the vehicle for community engagement and leadership in order to provide for the sustainability of CACD results. CSOs that accept responsibility for, and have the capacity to manage, CACD initiatives and follow-up will be able to mount continuing initiatives and activities after the five-year program concludes assuming funding is available. Finally, since many rural Javanese farming communities in the area are likely to see changes as posing risks to their heritage, traditions, culture, and language, CSO involvement will also help CACD address the challenges to the values of residents created by the economic and social changes resulting from MCL operations.

FIGURE 1: CACD FRAMEWORK



# CACD Framework: Goals, Objectives, Initiatives

**Improved & Sustainable Economic Growth**
- Job Creation
- Enterprise Development
- Business Competitiveness
- Finance for New and Existing Businesses

**Effective CSO Engagement in Development Process**
- Community & Civil Society Organization Capacity Strengthening
- Action Plan Development Implementation & Monitoring
- Partnership development
- Leadership & Management Strengthening

**Improved Community Well-Being**
- Community/Public Health Improvement
- Community Infrastructure Construction
- Education Improvement
- Information Dissemination

**BUSINESS ORIENTED GOAL**
MCL viewed as valuable, responsible corporate citizen and neighbor in Cepu area.

**DEVELOPMENT ORIENTED GOAL**
Sustainable community development & well-being built upon the assets, values, and aspirations.

# Program Locations

The recommended geographic focus for the CACD program comprises the villages and sub-districts (or *kecamatan*) within Bojonegoro, Tuban, and to a lesser extent in Blora regencies that are or will be most directly affected by MCL operations in the Cebu area. We have preliminarily identified 101 such villages (*desa* and *kelurahans*) in 15 sub-districts (or *kecamatan*), dividing the villages into three tiers for the priority and timing of CACD activities.

**Rationale and Criteria for Selection.** The criteria for the selection of villages include number of residents directly affected by MCL operations in the locale, history of past and current MCL engagement with the villages, physical infrastructure and natural resources to be affected by MCL operations, the size and composition of the current population, geographic location, and expressed willingness of the village to participate and contribute. The final selection process for the locations of CACD activities would be conducted in phases, and will be influenced by the location of exploration and operations areas as well as transportation routes and the final location of the pipeline.

The findings from the field assessment make clear that MCL operations will not have a uniform affect on all residents or stakeholders. Different residents will be affected in different temporal and spatial ways. For example the Central Processing Facility (CPF) requires 600 hectares (ha) of land that will directly affect the populace over the long term through the displacement of landless agricultural workers. Exploratory drilling may be high impact over the short term (both in visibility and in effects on local transport networks), but low impact over the long term if no hydrocarbon extraction takes place. Pipeline construction is relatively rapid and of relatively low impact, but some stakeholders will be affected in the long term by restrictions on land use directly above the pipeline and in the proximity to the Floating Storage Unit (FSU).

The assessment team concluded that the villages likely to be most affected—the "high impact" villages—will be those that are in proximity to the CPF and exploratory well sites, with relatively lesser effect on villages situated along the pipeline. We developed a three-tier spatial definition of affected villages and stakeholders (expecting the assignments of tiers to vary with MCL activities over time).

To obtain optimal impact, CACD program initiatives should target clusters of villages in relative proximity. This approach will build a critical mass at the village level that can help shape both program performance and practices at multiple levels and in a manner conducive to sustained benefits from CACD supported activities. It also will reduce the potential for jealousies to arise between villages participating in the program and others that are not. Any future need to expand the scope of villages within the program can be incorporated into the tiers defined below and as represented in the maps in Figures 2 and 3. (Figure 2 shows the program location by the villages in the three tiers; the map in Figure 3 shows the full sub-districts in which program activities will be conducted.)

**TIER I—16 villages, population 13,520.** These villages will be those directly affected by the presence of the CPF and potential exploratory drilling sites. The direct affects result from the need for land acquisition, the high visibility of MCL activities, and potential high impacts on local transport networks from exploratory drilling. An additional criterion was that the stakeholders in 9 of these villages had already formed and registered a CSO named *SEMAR* specifically defining their communities as among the most likely to be highly affected by MCL operations. This tier is exclusively located in Bojonegoro sub-district.

**Tier II—39 villages, population 33,848.** These villages are those that are in proximity to Tier I villages adjacent to the CPF area in Bojonegoro and nearby exploratory drilling.

**Tier III—46 villages, population 46,105.** These villages are those that will intersect with the pipeline in Bojonegoro and Tuban sub-districts. The selection of these villages is preliminary because the exact pipeline route has yet to be determined.

Residents and stakeholders in Tier I "high impact" villages will be the first to be affected by MCL activities, specifically by the high-profile land acquisition programmed for Q2-Q4 2007. Pipeline construction planned for Q3 2008-Q4 2009 will impact Tier III stakeholders, while construction of the CPF that will affect both Tier I and Tier II stakeholders is earmarked for Q4 2008-2010. Exploratory drilling that will affect Tiers I and II is planned over 2009-2011.

There are a total of about 100,000 residents in the 101 villages in the three tiers.[1] The members of these communities will be the CACD program's primary beneficiaries. We estimate the number of secondary beneficiaries to be over a million residents in and around the 15 sub-districts identified. Indirect beneficiaries will be the three and a half million people living in the broader Cepu area.

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1   The 2005 survey indicated a population of 92,203 in the referenced 101 villages, but population growth, including from migration to the area, makes the 100,000 figure a better (but still conservative) estimate.

# FIGURE 2: MAP—TIER I, II, III VILLAGES



EXXONMOBIL's INDONESIA CEPU BLOCK
Sub-Districts and Villages Impacted by Processing, Exploration, and Transportation activities

**Village Count, and Population by Impact Clusters (Tiers), for a Populaton of 93,473 in 101 Villages.**

- TIER I Villages (16); Pop. (13,520)
- TIER II Villages (39); Pop. (33,848)
- TIER III Villages (46); Pop. (46,105)

— Road: Cepu to Karang Agung (GPS)
• Villages Visited during Assessment

Source:
Administrative data: Provided by Biro Pusat Statistik.
Thematic Map data provided by Biro Pusat Statistik.
Survey of Desa Potential (PODES, 2005). Road: From
GPS Data: Impact information from ExxonMobil

Date Created: Feb 7, 2007

Indonesia

Island of Java

Project Area

Java Sea

Central Java

Tuban

Blora

East Java

Bojonegoro

1:350,000

0  2.5  5  10 KM

**Administrative Divisions**

☐ Provincial Boundary        ☐ Sub-Districts
☐ District Boundary          ☐ Central Java
                             ☐ East Java

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# FIGURE 3: MAP—AFFECTED VILLAGES AND SUB-DISTRICTS
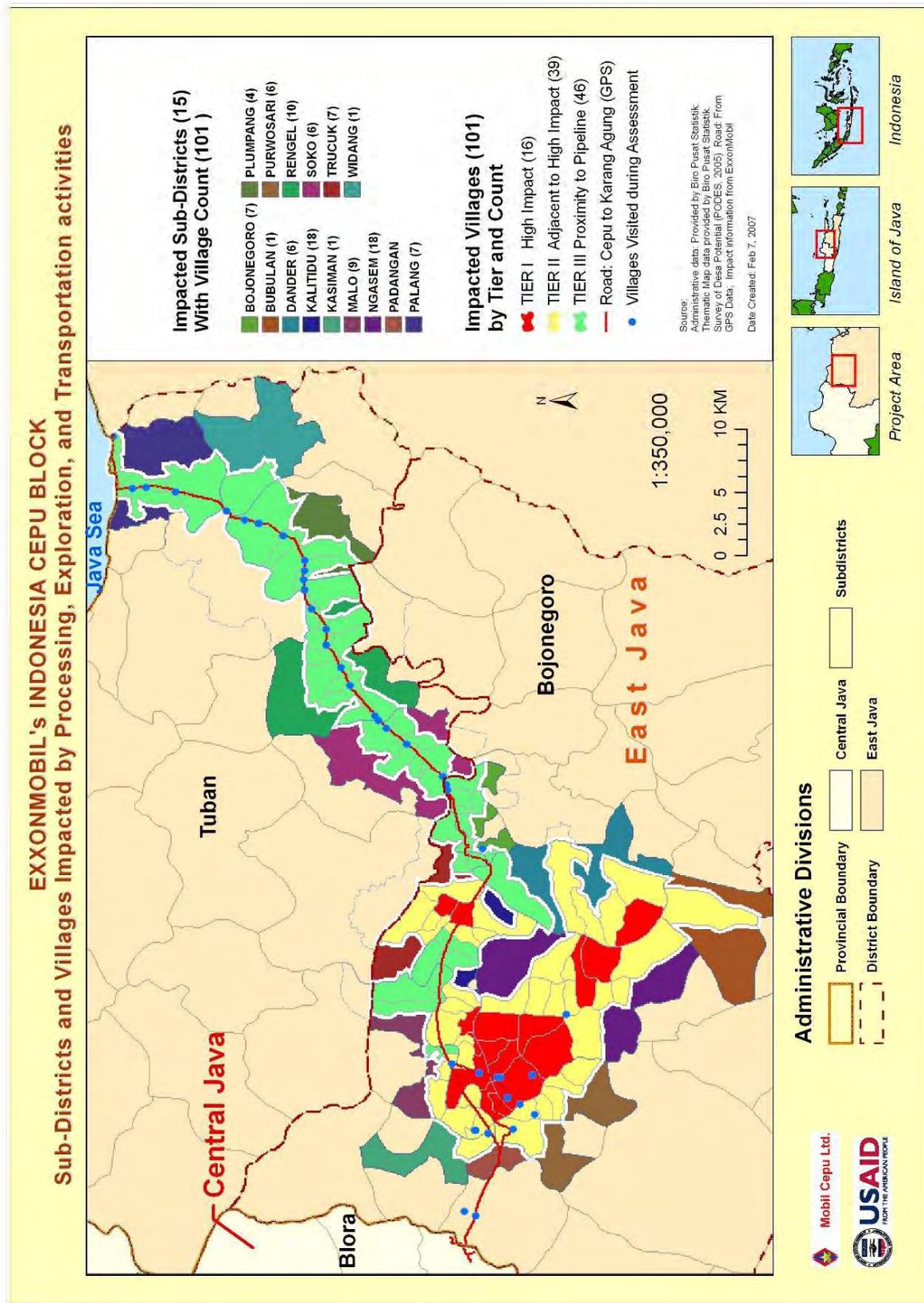
# Program Governance

Program "governance" refers to the management of the CACD program, including responsibility for the implementation of program initiatives and for control of program finances. Governance also includes responsibility for ensuring program performance—not only monitoring performance, but also ensuring that activities have the intended results and that specified objectives are fulfilled.

We see three basic options for CACD program governance. ExxonMobil and MCL can:

- *Take the lead by establishing an "in-house" program management unit (PMU)* for executing the program, providing technical direction and direct financial oversight, with support as needed obtained through targeted contracts, grants, and sub-grants, including through co-financing with appropriate partners.

- *Work through a public-private partnership with a donor agency like USAID*, much like ExxonMobil has done to support programs elsewhere in Indonesia, especially in Banda Aceh. CACD could be an added component to an ongoing program or a separate and distinct program with respect to management, financing, and contractual arrangements.

- *Engage one or more development organizations to form a team with core competencies* to provide overall program management and technical implementation capacity, as well as to ensure accountability for program resources and impact.

These are not mutually exclusive options, and the preferred approach may indeed be a combination of one or more. The program governance structure will also be influenced by the composition of prospective funding partners (discussed in a subsequent section of this plan).

Irrespective of the project management mechanisms or contracting vehicles adopted as part of the overall program governance approach, we recommend that the CACD program:

- Be executed in an integrated manner—with unitary management of most if not all initiatives or activities adopted;

- Develop its own identity, one that is distinct from ExxonMobil or MCL and closely associated with supporting local responses to development challenges;

As a fundamental means for achieving these goals, we recommend that the Program engage key stakeholders through an ongoing participatory approach through Civil Society Organizations (CSOs) at both the village and regional levels in the Cepu region. The CSOs in each participating community and at the regional level should serve as key program governance partners and ultimately as the locus of the program toward the conclusion of the five-year period.

**Community Leadership and Engagement for Development (LED) Initiative:** To ensure effective participation in CACD program governance at the village level, we recommend incorporating an initiative specifically to build community buy-in to CACD. The Leadership and Engagement for Development (LED) initiative would employ a mix of approaches: public information campaigns, capacity-building support to local government agencies, and (perhaps most importantly) building linkages and transforming relationships between and among communities and other stakeholders.

To carry out the LED initiative, we recommend employing up to 16 program facilitators and an additional four technically oriented program coordinators to be trained during the CACD

Program's initial (preparatory) phase. In addition to project management experience, the technical expertise of the coordinators should correspond to the CACD Program's sectoral focal points.[2] The Program's initial field staff will be provided training and orientation in field schools in Bojonegoro and the region, drawing on as needed the expertise of Indonesian companies and nongovernmental organizations (NGO) with which DAI has worked in Aceh for example.

The LED initiative staff should concentrate initial efforts in the Tier I communities, with each facilitator responsible for working with a single village. After gaining experience and achieving initial benchmarks, the facilitators' responsibilities would be expanded to engage the additional 39 Tier II villages, with each facilitator then becoming responsible for working with 3 or 4 villages each. The subsequent expansion of the LED initiative to engage the 46 Tier III villages will call for training 14 additional facilitators as well as 3 or 4 additional coordinators. All told, the field staff would comprise 30 facilitators and 8 coordinators. These CACD Program facilitators and coordinators should be drawn from the region and include among their ranks recent graduates from technical colleges and universities in Cepu and Bojonegoro as well as from the broader region including Solo, Surabaya, and Semarang.

CACD program efforts should begin by engaging leaders and members of priority villages directly, and initiating a community mapping[3] exercise to contribute to the profiles for each village that the program will develop, as discussed in the next section. As part of these efforts, Program Facilitators and Coordinators will help communities define and respond to needs for training and technical assistance for improving leadership, team work, participatory processes, and organizational structure.

In addition the program facilitators and field coordinators, the likely staffing requirements for CACD management would also include a program director; an operations manager; a grants manager; a finance manager and an accountant; three senior Project Development Officers (PDOs) with relevant (complementary) technical expertise and appropriate field- and project management experience; two monitoring specialists (one senior and one junior); a public information or communications specialist; and support staff for administrative and logistics functions.

**Cepu Area Community Development Advisory Council (CDAC):** To ensure effective civil society participation in program governance at the regional level, we recommend establishing a Cepu Area Community Development Advisory Council. This council would not displace or duplicate existing structures, but rather work with key stakeholders including MCL to ensure CACD programmatic approaches, initiatives, and activities advance community development objectives while accommodating the values and culture of Cepu area residents.

The council should have up to five members, all in good standing within the community but drawn from distinct social and economic sectors such as academia, business, a student-based or other nongovernmental organization, and from among traditional leaders. There should be at least one member from Tuban and Blora each, in addition to Bojonegoro members. A senior MCL representative based in the Cepu area should be included as a member of the council, although consideration as to the whether he or she should be accorded rights other

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2  These would include background and training in a) business enterprise or agricultural development; b) community development; c) health; d) education; e) engineering and environmental sciences, and f) governance.

3  These village profiles—including community mapping exercises—once validated by local stakeholders, will form a basis for subsequent planning and performance monitoring of activities.

than "voice but no vote" should be determined in consultation with other members of the council once selected. In order to ensure the Advisory Council retains its character as a representative body of civil society in the region, we recommend it not include government officials as members.

Following the successful establishment of the Advisory Council at the regional level, consideration should be given to establishing at the district level councils in Bojonegoro and Tuban.
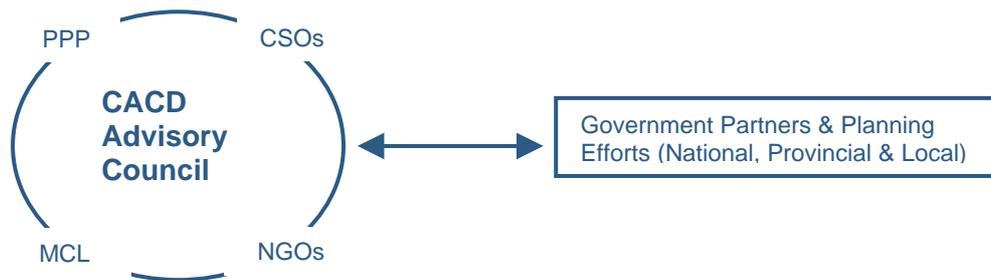


**CSO support:** The aims of strengthening civil society capacity at the village- and region levels (through the proposed LED initiative and Advisory Council and more generally) are to:

- Establish a process and improved program governance capacity for informing, validating, and leading community-driven development;

- Nurture good governance[4] as practiced in target communities and the Cepu region; and

- Build an effective platform for establishing substantial and sustainable improvement in livelihoods[5], economic growth, and community well-being at the village and regional levels.

Support for appropriate CSOs at the village and regional levels is intended to enable CSOs to participate effectively (and legitimately) in CACD program governance. Additionally, CACD support for CSOs should create greater organized capacity in civil society to influence government priorities, policies, and practices, especially regarding community development.

CACD program capacity-building efforts focus on improving the "demand-side" of good governance; that is, they promote civil society's expectations, engagement, and ability to demand good governance—to "guard the guardians." The program also, however, supports the "supply-side" of good governance: government capability to respond to greater engagement by citizens and civil society, and to respond to the fundamental changes underway in the region.

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4  Defined here as effective leadership and efficient management of social and economic development generally, as well as that concerning specific CACD program governance.

5  The means activities, entitlements and assets by which people make a living. Assets are defined as natural (land, water, common property), social and political (community, family, social networks), human (knowledge, skills), and physical (markets, schools, clinics).

# Program Initiatives

This section recommends initiatives and activities to further the three CACD program objectives specified above. The discussion is organized by objective.

## OBJECTIVE 1: IMPROVED LIVELIHOODS AND ECONOMIC GROWTH

Three sets of initiatives are recommended to advance Objective 1:

- Improving livelihoods in agriculture and agribusiness value chains;

- Developing the competitiveness of private enterprises and associated value chains;

- Increasing access to productive finance.

The purpose of these initiatives is two-fold: to promote improved livelihoods and economic development, while also mitigating the risk of social dissention over MCL operations. We estimate the total program costs of the following activities under this objective would amount to between $4 and $6 million over the five year program period.

### AGRICULTURE & AGRIBUSINESS VALUE CHAINS

There is a relatively high level of socio-economic sophistication in the agriculture sector in the CACD area. Banks are functioning well and credit, although expensive, is accessible. Farmer sophistication is adequate. Entrepreneurial spirit and business orientation among the population are relatively high. By and large, the land in all three of the survey regencies is fertile and productive, especially when under irrigation. In the coastal area where the pipeline will deliver the oil into a floating storage facility, the shallow fisheries no longer yield a large volume of fish and sardines, but there are few alternative sources of livelihood. The Cepu area agriculture sector can be further developed by a market-oriented approach to producing higher value products in the project areas.

*BUFFER ZONE DEVELOPMENT—TIER I.* This initiative is to set up a buffer zone of intensive agriculture production that can be offered as a concession to the 2,400 agriculture workers who will be displaced by MCL's land acquisition.[6] If approximately 100 of the 600-700 acquired MCL hectares can be cultivated to produce products that would be graded, packed, and shipped, then these laborers could be employed part-time, earning more money than they did previously cultivating non-irrigated row crops. A small additional investment in inputs and the establishment and construction of a simple packing shed with a blast chiller, IQF freezer cold storage, and grading tables would enable product quality control, prolong shelf life, and hence add value to the agricultural products. This initial fixed investment will be the responsibility of the CACD program, but follow-on investment will be the responsibility of a cooperative made up of the farmers themselves. Pack-house and freezing stations will also be used as learning labs for Bojonegoro University. The cost for this activity is estimated to be $600,000 over the five-year period.

*AGRIBUSINESS DEVELOPMENT SERVICE—TIERS I, II, III.* As the buffer zone cultivation plan is developed, the CACD program will form the skeleton force of an agribusiness development service designed to:

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[6]  Program support should conform to best practices and internationally accepted standards related to resettlement efforts as referenced in the World Bank's Operational Directive 4.12 regarding standard resettlement action plans.

- Identify lucrative markets for locally produced agriculture products; assess the supply chain from producer to market; and conduct economic analysis concerning the most sustainable production model for the area.

- Conduct an economic analysis of processing and supply chain operations; a market entry trial of production and delivery of the product; and a pilot program for producing and delivering the product providing income guarantee if necessary.

- Systemize the production scheme and offer it to program beneficiaries.

- Provide technical support to growers and producers, suppliers and processors.

Agriculture enterprises that will quality for systemization include high value horticulture, animal husbandry; fresh water and marine aquaculture; food processing and value-adding. Estimated Cost: Establishing stronger trade associations to take over responsibility for such an agribusiness development service will cost approximately $350,000 over five years.

*DEVELOPMENT OF SUPPLY CHAIN AND VALUE ADDING INDUSTRIES—TIERS I, II, III.* As international and national economies develop, there is a tendency for market driven growers and managers of agri-business operations to move away from staple crop production and processing into more specialized production and marketing systems. Increased profitability of agribusiness as well as increased employment to small farmers and small businesses in the project area will require the improvement of value adding technology, extensive access to markets and market information, and drastic improvement of post-harvest handling techniques. This will mean working closely with middlemen, vendors, and local service providers to upgrade their business practices. The cost for this activity is estimated to be $450,000 over five years.

## COMPETITIVENESS OF PRIVATE ENTERPRISES

*STRENGTHEN TRADE ASSOCIATIONS AND CHAMBERS OF COMMERCE TO IMPROVE ACCESS TO INFORMATION ABOUT MCL PROCUREMENT PROCESSES, REQUIREMENTS, AND STANDARDS.* The Chambers of Commerce in Bojonegoro, Tuban, and Blora and local trade associations are poorly organized and unable to share information with area businesses on a timely basis. The CACD program should provide technical assistance to build their capacity, as well as training to improve information-sharing and other services useful for existing and emerging businesses in the region. In conjunction with the local chambers of commerce, the CACD program should also organize workshops for small and medium enterprises (SMEs) on the MCL's procurement requirements and guidelines. This will not only enhance the economic activity in the area, but it will also increase the amount and type of goods and services that MCL can procure locally. The cost for establishing stronger trade and business associations is estimated to be $250,000 over five years.

*SUPPORT THE DEVELOPMENT OF KEY SMALL AND MEDIUM-SIZED ENTERPRISES (SMEs) BY ESTABLISHING A SUB-REGIONAL COMPETITIVENESS CENTER.* The USAID-funded SENADA project has developed a successful approach to supporting Indonesian SMEs by providing direct technical assistance to local firms through Regional Competitiveness Centers (RCC). These RCCs, staffed with business development specialists, offer a full set of business consulting services to help improve competitive capacities. Currently, the USAID project operates five RCCs (four on the island of Java, and one in north Sumatra). An opportunity exists to leverage this experience and replicate this successful approach in Bojonegoro. SMEs interested in and capable of supplying MCL should be considered preferred candidates to receive targeted technical assistance from the Sub-Regional Competitiveness Center (S-RCC)

to be established in Bojonegoro. Support for a sub-regional competitiveness center in Bojonegoro would be an excellent way for MCL to collaborate with USAID and other donors—including the local private sector and government. The cost of this activity is estimated to be $400,000 over five years.

*ENCOURAGE BORROWER GROUP FORMATION AND BUSINESS GENERATION AT THE VILLAGE LEVEL.* To spur economic growth at the village level, the CACD program should support training, technical assistance and, where appropriate, grant assistance to encourage borrower group formation and business generation. An enterprise development specialist will work at the village level, focusing first on Tier I villages. This enterprise development specialist will help villagers assess potential income- generating opportunities, improve current business operations, form borrower groups, and submit proposals for financing. The cost of this activity is estimated to be $185,000 over five years.

## ACCESS TO PRODUCTIVE FINANCE

*INCREASE ACCESS TO FINANCE FOR WOMEN ENTREPRENEURS THROUGH LP2M.* Demand for microfinance by women in the Cepu area exceeds current supply, and limited access to credit constrains women's ability to take advantage of income-generating opportunities. Currently, less than 150 women in the Tier I villages access loans through *Lembaga Penguatan Perempuan Mandiri (LP2M)*, an NGO microfinance program that specifically targets women. By capitalizing *LP2M* and providing its staff with additional technical assistance and training, the CACP program can improve this institution's ability to meet the current demand. The first year of this initiative would therefore focus on increasing *LP2M* 's capacity and strengthening its financial foundation. In year two, loan capital would be made available, targeting 4,000 new women clients. The cost of this activity is estimated to be $415,000 over five years.

*BRIDGE THE GAP BETWEEN COMMUNITY-LEVEL FINANCE AND BANK FINANCE BY IMPLEMENTING A LOAN GUARANTEE PROGRAM.* A loan guarantee program will encourage commercial banks to provide longer-term loans to borrowers who may not meet the banks' collateral requirements. Given Bank Mandiri's willingness to work with corporate partners, previous positive experience with guarantee programs, good reputation, and strong institutional capacity, it will be a solid partner for this guarantee program. The Bank currently provides a guarantee with Mina Laut, a Tuban-based fishing company, to support loans the bank makes to fisherman and suppliers in the area. To set up a similar loan guarantee fund, a portion of the loan amount would be deposited at Bank Mandiri as proof of the guarantee and to cover costs should a borrower fail to service a loan. To be successful, applicants must not view this as an ExxonMobil or MCL sponsored program *per se*, but rather as money borrowed from Bank Mandiri. MCL should emphasize that it is facilitating access to credit for eligible borrowers through commercial lending institutions at competitive rates to contribute to broadening economic opportunities. The cost of this activity is estimated to be $350,000 over five years.

*INCREASE THE AMOUNT OF CREDIT AND IMPROVE THE CREDIT PRODUCTS AVAILABLE AT THE COMMUNITY LEVEL BY PARTNERING WITH THE KDP.* Through the Kecamatan Development Project (KDP, also called PPK for *Program Pengembangan Kecamata*)—the large Government of Indonesia and World Bank community-driven development program— communities plan and implement small-scale infrastructure, irrigation, and micro-credit programs. These micro-credit programs amount to about 50-150 million rupiah (or $5,000 to $15,000) per village. The KDP governance structures and funding channels are already well-established. Funds go from a sub-district managing body (the UPK) to the villages, based on the quality of the proposals submitted by the villages. The CACD program should coordinate

with the KDP to provide each community with additional capital; assist UPK leadership in adapting credit products to increase the loan amounts and alter current loan terms; and develop a strategic approach and plan for transforming the credit portfolio to a microfinance institution or other regionally based community-focused institution by the end of the five year period or conclusion of the KDP program. This initiative will increase the number of borrowers by 5000 per loan cycle assuming an average loan size of $500 for micro-businesses. The cost of this activity is estimated to be $1.5 million over five years.

## OBJECTIVE 2: EFFECTIVE CIVIL SOCIETY ENGAGEMENT IN THE DEVELOPMENT PROCESS

The following initiatives comprise a three-stage process for developing the capacity of CSOs to play leadership roles in the CACD program. Village level CSOs are expected to serve as the lead players in developing plans for the initiatives and activities recommended for Objective 3 (Improved Community Well-Being). Activities recommended for Objective 1 (Improved Livelihoods and Economic Growth) are also expected to be village-level priorities, but planning and implementation support will be sought through the Community Development Advisory Council as part of a regional action plan because these activities have a regional geographic focus and are not bound to a specific village or cluster of villages. We estimate the costs of the proposed activities under this objective will be $5.5 million over the five year period.

**STAGE ONE—Preparation and Engagement**

### IMPROVE COMMUNITY CAPACITIES IN DEVELOPMENT PLANNING AND TRANSPARENT PROGRAM GOVERNANCE

Through training and community visits and workshops supported by the CACD Program through the community LED initiative, facilitators will work with villages to address information gaps regarding local resources for inclusion into village profiles.

CACD program staff will begin working with community members and leaders to determine the type of technical support and training necessary for improving leadership and broadening community engagement as a precursor to forming or strengthening village-led CSOs. Initial training will focus on training local leaders on topics related to their four key roles and responsibilities:

- Giving clear direction to members of their communities on risks and opportunities associated with the development process;

- Managing the risks and exploiting development opportunities;

- Participating in and, ultimately, leading planning processes; and

- Carrying out these responsibilities effectively while addressing emerging challenges and tensions along the way.

CACD program staff will work with community leaders to develop horizontal linkages by bringing their communities into constructive contact with stakeholders elsewhere, including local government, private sector partners, and other villages. As part of this effort, links will be established with villages participating in other activities supported by donors, local government agencies, Indonesian NGOs, and community based organizations. Villages participating in CACD program activities will also be encouraged to initiate community-to-

community interaction in order to share lessons learned from leadership training, team building exercises, and community engagement efforts. The cost of this activity is estimated to be $1 million over the five year period.

**STAGE TWO—Platform Building**

## STRENGTHEN CIVIL SOCIETY ORGANIZATIONS (CSOS) AT VILLAGE AND REGIONAL LEVELS

To enable villages to plan, implement and, ultimately, manage development activities directly, the CACD program will assist villages with appropriate CSOs to improve CSO planning and management capabilities. In villages that do not have legally registered CSOs, CACD will work with community members to establish them. Villages will utilize their profiles developed in stage one—and finalized through a consultative process—and training to help establish and strengthen capacity of CSOs to formulate long-term development planning, implementation and monitoring capabilities.

We propose strengthening CSOs at the village level through the Community Leadership and Engagement for Development (LED) Initiative discussed in the program governance section above. Program Facilitators and Coordinators will help CSOs define needs for training and technical assistance for improving leadership, engagement, team work, participatory processes and organizational capacity. The cost of this activity is estimated to be $1 million over the five year program period.

## DEVELOP AND ADOPT COMMUNITY AND REGIONAL ACTION PLANS (CAPS/RAPS)

One effective means for engendering substantive participation at the village and regional level is through the participatory development of Community Action Plans (CAP) and Regional Action Plans (RAPs). Following on CACD-supported leadership and empowerment training, and capacity building of CSO partners, leaders at both the village and regional level can begin the planning process by formulating long-term goals specific to various social and economic sectors relevant to their locale. The outcomes will be synthesized into five-year community plans with goals and a mission statement.

Planning activities will complement and support existing efforts. The profiles, engagement process and resulting CAPs and RAPs will be shared with government line agencies, NGOs, and other donors to help inform their planning and leverage additional resources to achieve shared objectives. The CAP and RAP processes will bring together a broad cross-section of leaders and reinforce both horizontal and vertical linkages.

At the village level, the CAP development process will help the CACD program engage community leaders, including women and youth leaders, farmer group representatives and village elders, to design holistic plans that address local needs and aspirations, while taking into account critical values includes cultural norms as well as considerations of equity, gender and environmental concerns. Within these frameworks, working groups prepare sector action plans and expected outputs in priority focus areas, including health, education, community infrastructure and improved basic services. A similar outcome, albeit with stakeholders at a different level, is sought through the process of developing the Regional Action Plans.

The outcomes of the community and regional planning exercises will lay a solid foundation for the successful implementation of activities. Variations of this planning process have been employed elsewhere in Indonesia (including Aceh, in partnership with USAID and ExxonMobil) to put responsibility for allocating and managing resources into the hands of local communities.

The resulting action plans present the hopes and aspirations of key stakeholders in the region, and among participating villages—a critical milestone for them, and for partners—as they support the implementation of these initiatives. The plans provide a road map for the use of not only MCL and potential USAID support, but also that from other donors and government that will be leveraged to support sustainable community development. Furthermore, participation in the process and ownership of its results promotes confidence and skills among community members to take leadership roles in community development. The cost of this activity is estimated to be $ 750,000 over the five year period.

**STAGE THREE: Implementing Community- and Regional-Action Plans**

## IMPLEMENTING THE COMMUNITY AND REGIONAL ACTION PLANS

Implementing activities presented in the action plans engages a large cross-section of the community and offers many opportunities for developing critical yet practical leadership and technical skills along with organizational capacity-building of partner CSOs at multiple levels. Support to CSOs through the CACD program's LED initiative will strengthen relationships between communities and their leaders, between villages and government agencies, and between the private sector—including MCL—and other key stakeholders. It will also lead to changes in participant attitude and perception toward community development, and in the capacity to work effectively in partnership with others—including MCL—in pursuit of common goals. We estimate the cost of activities responding to CAPs and RAPS would be between $10 and $15 million (mostly through grants) over the five year period. However, this estimated budget is more appropriately associated with Objective 3, where we present illustrative activities and initiatives to be supported by program funding. Performance monitoring and other community efforts to support implementation will be channeled through activities within this objective.

## BUILD CAPACITY TO MONITOR & EVALUATE CACD PROGRAM ACTIVITIES AT VILLAGE/REGIONAL LEVEL

Community facilitators and village leaders will also ensure that women, youth, and other vulnerable groups participate in the decision making and planning processes and that they also have equal access to CACD sponsored training and capacity building through the LED initiative. Program Facilitators will also work with community leaders to design and install mechanisms to monitor the use of donor and village resources, thereby minimizing the potential for corruption in CACD project implementation.

As part of the organizational capacity building training and technical assistance provided to CSOs at both levels, the CACD program will work with these and other stakeholders—including local government—to develop both output and impact indicators through a participatory process. The indicators at the village level and those for the broader Cepu area will be consistent and complementary, thereby permitting appraisal of CACD program performance from different levels (local and regional) at key junctures. With increased skills and appropriate tools provided through the program, village leaders and CSOs at the local and regional levels will be able to effectively monitor the use of resources and assess progress. The cost  of this activity is estimated to be $750,000 over the five year period.

The Performance Monitoring Plan (PMP) would have two goals: (1) to provide useful, timely information for results-based management decision making, accountability, and mutual learning experiences; and (2) to increase the plausibility of impact attribution—that is, to substantiate the project's impacts to the degree possible. To achieve these goals, we propose

three methods for tracking CACD program activities and directly correlating activities to measurable impacts:

- A District Capacity Index (DCI)

- The Performance Monitoring and Impact Indicators; and

- Targeted citizen stakeholder surveys to provide data to compare to baseline data.

The District Capacity Index would measure local government capacity to address the basic needs of citizens and respond to their priorities, in particular, by means of the delivery of basic public services. We propose a collaborative approach with local government at the sub-district and district levels and with GOI ministries responsible for decentralization as well as the World Bank, and especially the Decentralization Support Facility, to help develop and appropriately adapt this index. The categories of capacities assessed would include (a) district and sub-district level management and financial management capacity; (b) tax administration capacity; (c) transparency and citizen participation in decision-making; (d) public records, planning (including land management) and regulatory management capacity, and (e) provision of more accessible, convenient, and customer-oriented services. The cost of the DCI and resulting local government capacity building efforts is estimated to be $1 million over the five year period.

These three methods jointly will provide a robust framework for relating program activity to observed impacts, thus increasing the plausibility of attributing success in achieving objectives to training and technical assistance provided through the Community Development Plan. This goes beyond simply assuming that program outputs produce impact; the coordinated tracking of both outputs and impacts allows project management to present plausible and defensible attribution between program outputs and observed program impacts, while also allowing the program to identify areas requiring more focus or additional intervention.

**CACD Program Performance Monitoring Plan**

Three linked elements to track and correlate program outputs and to document program impacts

District Capacity Index

Citizen Attitude Surveys

PMP

Work Plan Monitoring Indicators
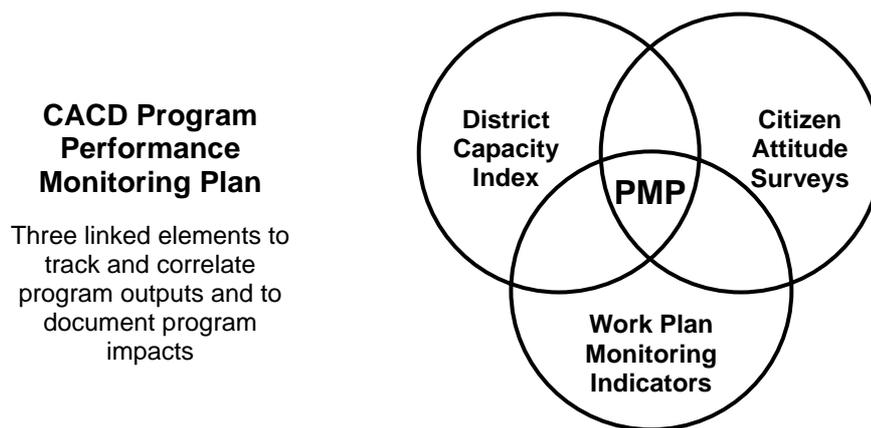
## EXPAND CAPACITY AND PARTNERSHIPS TO ENSURE EFFECTIVE AND TRANSPARENT GOVERNANCE

The CACD program will work with civil society leaders from the village and regional levels to enhance local capacity to better influence government and increase local officials' accountability to citizens, including improvement in provision of basic services. The program will also work to ensure the capacity of CSOs to hold government accountable by ensuring

policies and practices conform to international standards for transparency and that meet public disclosure mandates especially those relating to contracts, associated revenue, and payments. Drawing on best practices and internationally recognized standards, CACD program staff will work with CSOs and communities to improve understanding of the framework and processes for national, provincial, and district-level revenue sharing as one means for improving the accountability of resources resulting from oil and gas operations.[7]

One important way for ExxonMobil and MCL to encourage transparency and accountability from government is to adopt policies of openness and transparency with regard to the companies' public disclosure of appropriate documentation, policies and practices (an element of the communications strategy discussed later in this document, and a function of the "Community Information and Communication Technology" initiative suggested in connection with Objective 3). These steps are essential to building confidence in the accountability of the political structures to citizens and strengthen efforts to counter corruption. Workshops at the village and regional levels will be supported to discuss the many types and consequences of corruption, focusing on how development cannot be sustained in environments where corruption thrives. The workshops will also provide an additional forum for training focused on improving capacities to hold local officials accountable, particularly as it relates to broader governance and support for sustainable development in the region. These events can be conducted in cooperation with the World Bank and the KDP and include program field representatives as participants where appropriate.

## BUILDING A SHARED VISION FOR DEVELOPMENT

We recommend engaging communities and civil society at the village and regional levels in building a shared vision for development and substantive partnerships to lead the planning process and implementation. The vehicles for doing so are the Community Development Advisory Council and the LED initiative. The strategy overall is to *engage CSOs at multiple levels in the development process by first building effective capacity at the local and regional level, then building functioning relationships between them and other key stakeholders, including the private sector and especially local government, in order to better influence the development process and promote good governance.* . The cost of this activity is estimated to be $1 million over the five year period.

**THREE PILLARS OF COMMUNITY DEVELOPMENT PARTNERSHIP**

**Private Sector**
(local, nat'l & int'l firms)

**Local Government**
(Village, sub-district, district, and provincial levels)

**Civil Society Organizations**
(Village and regional levels)

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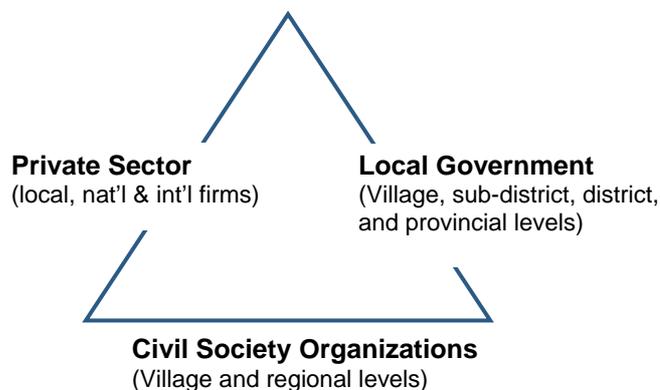
7  The IMF has developed a 64 page guide on resource revenue transparency that lays out the "best practices" for ensuring natural resource revenues are accounted for and allocated in a transparent manner that enhances economic performance The International Monetary Fund's. "Guide on Resource Revenue Transparency," June 2005.

Among the outcomes of CACD program support for strengthened business associations (envisaged in Objective 1) and increased capacity and linkages between and among CSOs (as envisaged in Objective 2), are the enhanced partnerships and collaboration necessary for enhancing good governance. Support for this activity should result in a robust partnership between the private sector, civil society organizations, and local government to support sustainable development in focus villages and the broader Cepu area.

## OBJECTIVE 3: IMPROVED COMMUNITY WELL-BEING

Priority activities selected for CACD program support in the areas of health, education, basic infrastructure and services should reflect village level priorities as determined through the LED initiative process and resulting Community Action Plans. As a result, activities detailed below are illustrative, chosen to demonstrate the categories and types of activities that might come out of the village-level planning process. The cost of the following illustrative activities under this objective is estimated to be between $10 and $15 million over the five year period, mostly through grants to communities as well as "challenge" grants to leverage local, provincial and national government financing. The CACD program can leverage resources to expand available funding at the community level by partnering with the KDP (Kecamatan Development Project).

### IMPROVED COMMUNITY/PUBLIC HEALTH INITIATIVES

These initiatives will focus on strengthening human resources in the village clinics to:

- Assure health service availability for mothers and infants as well as safe motherhood through prenatal care services;

- Reduce the gap in maternal and child health from primary to secondary and tertiary care;

- Increase the capacity of the village level emergency health system (*desa siaga*).

*DEVELOP POSYANDU CAPACITY AND BASIC HEALTH AWARENESS PROGRAM.* This program would target the most marginalized families in the villages by increasing the capacity of the community volunteers working in the *Posyandu*. Eligible families will be identified by participatory techniques involving both communities and a qualified team of national and local health specialists. Through the CACD program, training could be provided to increase the capacity of 300 cadres (of up to two volunteers) that work in 151 posyandus in priority villages in Tier I, II and III areas. Training will fill the information gaps of the volunteers and might include basic management skills, targeted health care interventions, nutrition and basic sanitation.

*INCREASE CAPACITY AND EFFECTIVENESS OF MIDWIVES.* The capacity and effectiveness of local midwives could be increased through training and provision of equipment, capacity building to teaching institutions, and additional on-the-job skills training to midwives and traditional birth attendants. In addition to the trainings themselves, the training team and participating midwives can also assess needs for additional facilities or equipment, which can be supported through community managed grants. Specifically, MCL may wish to help increase mobility of village midwives through partial support for procuring motorcycles to assist their movement and response time.

## INCREASED ACCESS TO IMPROVED COMMUNITY INFRASTRUCTURE & BASIC SERVICES

The following illustrative activities focus on water for a number of reasons. First, discussions with residents during the field assessment reflected heightened concern about effects of MCL operations on water in the region. Drinking water quality also figured prominently among responses from both residents and health practitioners who referenced water-borne illnesses as a growing concern. Finally, the assessment team also noted the extremely low level of water level in the local Bandereng Solo River and other water sources in and around Bojonegoro. They also noted that ground water in this area is restricted—consisting mainly of shallow wells accessing seepage as opposed to extraction from aquifers.

*WATER AND SANITATION PROJECTS.* USAID has supported DAI implemented projects to work with villages, NGOs, and local government in developing water and sanitation programs, watershed management plans, and forest rehabilitation throughout Indonesia. Drawing upon the best practices of these efforts, the CACD Program should support extensive efforts to involve communities, CSOs, the private sector and local government to develop appropriate activities in response to what has been identified as a high priority by a wide range of stakeholders in the focus area. As part of this effort, the Program should also explore opportunities to foster collaboration with GE supported initiatives (discussed further below in connection with program funding). GE has donated portable water filtration systems and engineering support to provide clean, potable water to Indonesians in the aftermath of the tsunami disaster; one such unit could provide 432,000 gallons of purified water per day, enough for ensuring the daily needs of over 100,000 residents in the Cepu area.

*WATER FOR THE POOR.* This initiative is to work with selected local water utilities— *Perusahaan Daerah Air Minum* (PDAM)—and Bank Rakyat Indonesia and Bank Jatim to implement a microfinance program to that will help low-income households to pay the initial cost of establishing a household connection in installments. We propose that the CACD program work closely with the World Bank in the Cepu area to support the introduction of an Output Based Aid (OBA) program with PDAM's in priority villages and sub-districts, which will subsidize connections to poor households, either directly or shared, using master meters. CACD staff would advise all parties on the most appropriate set-up of the OBA program, provide technical support during the development and implementation stages, and facilitate the consultative process to identify the poor, eligible participants, determine their willingness to connect, and monitor the service provided to them after connections have been made.

*REFORESTATION AND WATERSHED PROTECTION.* Demand on water for all uses is increasing in the Cepu area, and the stresses on water availability will grow significantly over the next five years. Increased water demands for one sector can not be met by offsetting decreases in another sector; water for residents, agriculture, industry, and environment are interrelated. Specific activities to be implemented in this sector could be the following:

- Community based nursery and agro-forestry establishment.

- Multi media campaign focusing on water quality and health.

- Village level instruction on proper water, sanitation and waste management practices.

## IMPROVED ACCESS TO QUALITY EDUCATION (FORMAL, NON-FORMAL, AND VOCATIONAL-TECHNICAL)

In areas where communities request that improvements be made to their education sector, we suggest the following types of activities.

*TEACHER TRAINING & CERTIFICATION.* Teachers can be sponsored to improve their skills through local, regional, or national level trainings that add value to or improve upon current skill sets in areas that they are teaching. CADC program staff will assess the types of training currently available, and design new courses, and hire the trainers if the need arises.

*IMPROVED ACADEMIC INFRASTRUCTURE & EQUIPMENT.* Community, village, or regional schools that are prioritized would receive in-kind grants in equipment as well as infrastructure upgrades. The CADC program staff will coordinate these efforts through the LED initiative.

*MCL SPONSORED SCHOLARSHIPS.* A pool of scholarship money could be made available, with specific targets for students from Tiers I, II, and III villages. A CADC-run competition could be held, with the winners announced on local radio and celebrated in the villages. A requirement of the scholarship might also stipulate that the recipients return to the Cepu area to work for a certain number of years in order to share the value of that increase in education with the community.

*COMMUNITY INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) CENTER PROGRAM.* In villages (or clusters of villages) lacking access to information technology, ICT centers would be established. These centers would be the focal points for communication concerning development plans, donor activities, and local or national government initiatives in that area. In addition, these centers would hold after-school and daytime trainings—including English language—for youth and adults, provide internet services, and be used to increase the quality and frequency of communication regarding critical issues for the communities they are serving.

The Community ICT Center program can also serve as means for expanding transparency and accountability for CACD program governance—by making publicly available data on program performance in light of planned results—as well as good governance more broadly—by providing access to public information and documents.

The ICT centers can also make available to citizens, CSOs, and government agencies (like BAPPEDA) interactive training modules as well as appropriate planning tools (such as Integrated Spatial Planning) and assessment tools for determining organizational or institutional strengths or weaknesses.

# Communications Strategy and Plan

## BACKGROUND

As part of the field assessment, the DAI team conducted focus group discussions in selected villages and targeted interviews with key stakeholders including media representatives to discern how communities in the Cepu area receive and disseminate, and exchange mutually important information, and how they currently perceive MCL's communications with them. Findings relevant to formulating the communication strategy are as follows.

Current perceptions of MCL communications:

- Local stakeholders do not feel empowered in the MCL community development process.

- Communities feel that MCL community initiatives lack clarity and transparency in selection and implementation.

- Communities are watching carefully to determine whether the implementation of land acquisition and laborer compensation is just and transparent.

- Fears about negative environmental impact and especially water quality are a high priority.

Civil society partners critical to the communications strategy:

- SEMAR, a formal NGO that represents the interests of stakeholders in 14 of the high impact Tier I communities. SEMAR is registered with the government and is well organized.

- Participants in the KDP, the large Government of Indonesia and World Bank community-driven development program.

- Lembaga Penguatan Perempuan Mandiri (LP2M), a local NGO-run microfinance program.

- Bina Umat, an NGO based in Bojonegoro with over 400 volunteer members with experience in public health and community extension.

- The University of Bojonegoro (UNIGORO), which educates community stakeholders in agriculture, law, economics, and finance.

Local government players critical to the communications strategy:

- Badan Perencanaan & Pengembangan Daerah (BAPPEDA), the government planning and development department, which is responsible for drawing up and implementing government development programs.

- Informasi Komunikasi (INFOKOM), the institution responsible for communicating government messaging.

Local media analysis findings:

- Cepu-area communities use media as an advocacy tool.

- Radio is a universal medium across all sectors.

- TV plays an especially important role as a source of information for rural stakeholders.

- Talk radio is likely to be a particularly effective channel for MCL.

## RECOMMENDED INITIATIVES

The estimated program costs associated with the following proposed communications activities is $560,000 over the five year period.

*COMMUNICATION THROUGH CEPU AREA COMMUNITY DEVELOPMENT ADVISORY COUNCIL (CDAC):* The CDAC has an important role not only in program governance, but also in program communications. In addition to vetting and validating proposed program initiatives and activities, we recommend that the CDAC participate in public meetings to disseminate information about larger proposals with a view to engendering public feedback and broader buy-in from the private sector, local government, and the general public. The process should apply clear criteria for determining appropriateness of proposed activities and ensure public and stakeholder input are provided at a stage where such input can inform an initiative's design or approach.

An equally vital CDAC responsibility will be to serve as a channel for communications among and between MCL and other stakeholders, including feedback loops. While the council should not be responsible for collecting grievances directly, its members should receive regular access to the Program's tracking of, and responses to, grievances by stakeholders and help ensure challenges can be addressed in an effective, timely manner. In addition to tracking of grievances through the ongoing performance monitoring efforts, the Program should also establish "windows" for facilitating submission of grievances at program sponsored workshops and meetings. CSOs and program staff would register and report the grievances to the Advisory Council which should also hold the program and MCL accountable for addressing them appropriately with the concerned stakeholders. Response actions should be tracked the actions or process for addressing grievances should serve as an indicator of program performance.

*IMPLEMENTATION OF SENSITIZATION WORKSHOPS AND PARTICIPATORY STAKEHOLDER MEETINGS IN ALL 101 TIER I, II AND III VILLAGES:* Workshops will enable the community to collectively understand and add to the design, management, and implementation of CACD activities. Workshops will facilitate ongoing information exchange among community members and groups and will help identify local capacities, resources, and potential.

A total of 16 village-specific workshops are proposed during first half of the first program year. Each workshops will include up to 20 persons representative of a broad spectrum of the village population. After completion of the workshop, each village will then be responsible for disseminating information to two other villages per year. Professional facilitators could be used to manage the workshops and provide technical assistance where needed.

*CAPACITY TRAINING FOR LOCAL INDEPENDENT JOURNALISTS IN BEST PRACTICE METHODS:* There are over 100 registered working journalists in the kabupatens of Bojonegoro, Tuban, and Blora. CACD can promote professional, objective journalism by training independent local journalists. Under the CACD training program most, if not all, independent journalists in the three kabupatens will receive capacity building. Specifically, 10 journalists will receive training each quarter from LSPP (Lembaga Studi Pers Pembangunan), an independent media capacity building institution. Training may address journalism skills, best practice methodologies, production techniques, and business skills, depending on need.

*DEVELOPING AN INTEGRATED MEDIA CAMPAIGN USING LOCAL MEDIA SOURCES:* A CACD media campaign covering radio, TV, and newspapers will complement the existing MCL public relations campaign.

- Rural stakeholders in Ring I are best targeted by a radio and television mix. Newspapers are not widely read in the countryside, but can be useful in reaching urban elites.

- Two Bojonegoro radio stations should be encouraged to put MCL community development programs and activities on the talk show agenda once a month. An MCL management representative should take part in every talk show.

- Local television networks should be engaged to broaden the coverage of ExxonMobil key messaging to stakeholders. In addition to press releases, MCL should encourage local stations to highlight the CACD program through original content programming and by documenting specific successes.

- Newspapers are a good mechanism to promote ExxonMobil key messages to a higher socio-economic and political decision-maker level. We recommend focusing on Radar Bojonegoro and Suara Merdeka, as both have a good record for independence and investigative journalism.

- In addition to regular MCL press releases, we recommend ExxonMobil publish a quarterly newsletter that highlights milestones reached and successes in each of the CACD program initiatives. The newsletter will be published by ExxonMobil. A well-reputed local journalist can be invited to act as guest editor for each issue.

*ESTABLISHING A NETWORK OF VILLAGE BASED COMMUNICATION CENTERS THAT ENCOURAGE INFORMATION AND COMMUNICATION FLOWS:* In order to increase village stakeholder communication and access to information, we recommend CACD pilot a network of telecenters in the first year of the program. Telecenters will offer the community access to internet and computing, video, photocopying, and fax. Community members may utilize the telecenter to gather information about markets and to better understand governance issues, mobilization options, access to resources, and the relevance of specific CSOs to CACD. Telecenters may also act as a medium to communicate grievances to ExxonMobil. A pilot telecenter project would target the 16 villages in Tier I and the University of Bojonegoro. Centers should be fiscally sustainable, with their operation and maintenance costs met from membership subscriptions and fees for services.

*TECHNICAL TRAINING AND CAPACITY BUILDING FOR BAPPEDA AND INFOKOMM:* To support the development of human resources required for the communications strategy, CACD should sponsor twice-yearly technical assistance and capacity building exercises for up to 20 employees each of BAPPEDA and INFOKOMM, focusing on as program management, participatory data gathering techniques, program planning and budgeting, and monitoring and evaluation. The trained personnel may also be helpful in data-gathering and assessment for CACD monitoring and evaluation.

# Program Funding

The CACD program will have nearly 100,000 direct beneficiaries over a five year program duration, working in over 100 villages in 15 sub-districts, and many more secondary and indirect beneficiaries. Given this program's scale, the recommended approach, and the sectoral focus, we estimate the total program cost for implementing the proposed CACD Plan to fall between $4 and $5 million per year, or a total cost of between $20 and $25 million over the 5-year period. These estimated costs cover only initiative implementation (including, for example, grants for training, infrastructure capital costs, the provision of technical assistance, and funding to capitalize credit programs); program management costs (including the management of specific initiatives) are not reflected in the estimates. Estimates for management costs will depend on the program governance option selected, as discussed above.

It is reasonable to expect that 25 percent of program costs can be covered by other funding partners, apart from contributions from ExxonMobil and MCL. Potential funding partners include (1) USAID and other donor agencies; (2) other private sector partners; as well as, (3) government partners at the local, provincial, and national levels. The following are key considerations regarding each such potential funding partner.

USAID:  The CACD Plan is the product of collaboration between USAID and MCL. This reflects the successful partnership—a mutual commitment to advancing shared objectives— that has characterized the relationship between USAID and ExxonMobil elsewhere, including support for communities in Aceh executed through the USAID financed SPD Project.

One consideration concerning a partnership with USAID is that USAID projects often focus on individual sectors (for example, agribusiness or health) that correspond to USAID strategic objectives rather than being cross-cutting, as the recommended CACD program would be. Another consideration concerns the geographic focus. While there are current USAID projects with relevant activities in East and Central Java, most USAID projects in Indonesia focus elsewhere. There is also a question as to whether or not the Agency's current or emerging plans call for expanding project supported activities in the Cepu area.

Within USAID's current portfolio of projects in Indonesia, several have scopes related to the activities under Objective 1 in the CACD Plan. Examples are the AMARTA agribusiness development project and the SENADA enterprise competitiveness project. The SPD project scope is relevant to CACD program governance and activities such as those included under within Objective 2, specifically to engage communities, strengthen local leadership, and build capable community-based CSOs and partnerships. The Local Government Support Program works with Indonesian local governments to increase capacity and responsiveness to citizen priorities. This project includes media strengthening efforts directly relevant to the type of support envisaged in the CACD Plan's media and communications strategy.

Several USAID projects focus on health, education, and improvements to basic public services akin to the programmatic emphasis of Objective 3. The Health Services Program and Save Mother System project (focusing on maternal, newborn, and children's health) are also engaged in a wide range of activities directly relevant to Objective 3. The Environmental Services Program links water resources management with improved public health. Existing USAID project support for the education sector include the Decentralized Basic Education and Managing Basic Education projects, both of which are include components directly relevant to the illustrative education activities in the CACD Plan's third objective.

In the event USAID is unable to participate as a strategic funding partner to support the implementation of the overall CACD Plan, USAID might be able to provide resources and other support to specific components of the plan.

**Private Sector.** Funding partners should be sought among the private firms, both international and Indonesian. While the CACD Plan anticipates specific efforts to expand public-private partnerships while the program is being prepared and then implemented, we encourage direct contact, supported by senior management from ExxonMobil, to international companies now to garner support for community development in the Cepu area. Among prospective international partner firms, three appear to be good candidates.

- **General Electric (GE):** has contributed to community development in Indonesia and throughout the world. We recommend exploring opportunities for collaboration between MCL and GE supported community development initiatives. specifically with the GE Water & Process Technologies division. GE donated portable water filtration systems and engineering support to provide clean, potable water to Indonesians in the aftermath of the tsunami disaster. One such unit could provide 432,000 gallons of purified water per day— enough for ensuring the daily needs of over 100,000 residents in the Cepu area.

- **Microsoft:** has a history of building cross-sector relationships in Indonesia through private-public partnerships, as evidenced by the Partners in Learning program that brings together various institutions including the Indonesian Ministry of National Education and Ministry of Communication and Information to boost technology access and capacity in schools. MCL is well placed to work with Microsoft in Bojonegoro and adjacent districts to expand support for education programs in and around the selected communities. Microsoft and USAID have also collaborated through the SPD program, for example, supporting efforts in Banda Aceh to build the institutional capacity of *Baitul Qirath Pemuda Muhammadiyah.*

- **Motorola:** Since opening its first Indonesian office in 1991, Motorola has committed itself to long- and short-term development assistance. Within days of the 2004 tsunami, Motorola and its employees personally gave $3 million—both in-kind and cash donations—to assist the disaster victims. Motorola is also committed to improving technological education across the board by supporting various training institutes and university programs throughout Indonesia. Partnering with this highly visible company would bring clear benefit to MCL both in experience and credibility.

**The World Bank.** The Bank's assistance to Indonesia is governed by its Country Assistance Strategy (CAS), which focuses all lending and grant activity on two impediments to rapid poverty reduction: a weak investment climate, and low quality service delivery to the poor. Both have a common root in governance, which is thus the underlying emphasis of the CAS. There are a number of World Bank supported programs with potential for co-financing and collaboration with CACD. The most relevant is the support for community level programs, especially the KDP. KDP has benefited some 38,000 Indonesian villages and cities, with 75 percent of program funds going for socio-economic infrastructure and 25 percent for economic activities. There should be good opportunity for co-financing the investments in community infrastructure envisaged within Objective 3—especially since such activities will be clearly articulated as priorities by the villages through the Community Action Plans.[8]

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8   Jakarta based World Bank officials responsible for KDP have expressed interest in poss ble collaboration.

**Government** (national, provincial, and district levels). Since the 2001 "big bang" decentralization, some 440 local governments (*kabupatens* or *kota)* were assigned responsibility for education, health, and public works. The devolution of responsibility (and discretion) for providing key public services to the district level and a substantial transfer of funds to the provinces has increased local government's authority and access to resources. However, progress to date in the form of improved services has been slow and the quality of attention to local needs and preferences mixed. The closer proximity of authority and resources to the community level has thus far not appreciably increased the influence communities have over the direction of these resources. This seems as true for local governments in the Cepu area as it is for most other districts in Indonesia.

The greatest challenges to expanding access to, and the quality of, basic services in the Cepu area do not seem constrained by either the lack of appropriate authority or funding *per se*, but more directly to inadequate technical, planning and management capacities in local government institutions. In short, the governance burden exceeds current capacity. Local governmental processes for engaging substantive community participation in governance are also lacking, exacerbating the possibility of citizen-government disconnect as more resources become available. In Bojonegoro, Tuban, and Blora the demands for improved public or basic services are growing, and will continue to do so as increased oil and gas development in the area engenders fundamental social and economic changes.

Adding to the challenge are the planning and funding needs for initiatives to ensure communities in the Cepu area are, at a minimum, able to adapt to the changes they will be experiencing in the next few years and ideally realize benefits from the exploitation of natural resources in their midst. The risk of the renowned "resource curse" writ locally is a real possibility. MCL's presence and operations in the Cepu area will contribute significant resources to both national and local government through taxes, royalties, and revenue sharing arrangements. Under existing laws on regional autonomy (No. 22/1999) and revenue sharing (No. 25/1999), revenues derived from exploitation of natural resources are to be divided between the central government and the government of the region where the resources are located and/or processed.

An economic benefits study of oil and gas development project in the Cepu area conducted in late 2003 estimated that the Bojonegoro government would receive between Rp. 349 and 468 billion (or roughly $39 and $52 million[9]) at peak production levels as a combined result of revenue sharing, tax revenue sharing, and additional allocations, depending on the contractual arrangement and final revenue sharing formula.[10] This estimate for revenue sharing, however, was based on the assumption of the price of oil at $26/barrel.

Even assuming conservatively that the price per barrel (ppb) of oil has only doubled (to $52/barrel) since the analysis was conducted, the district government in Bojonegoro could anticipate anywhere from $78 to $104 million (in rupiah equivalent) at peak production. If the current schedule holds, peak production should be reached by 2012. By extrapolating, we can estimate (very roughly) that the district governments of Blora and Tuban will receive the equivalent of about $39 and $52 million while the provincial governments in East and West Java would receive between $29.2 and $58 million once peak production levels are reached.

The CACD Plan anticipates initiatives and activities to work collaboratively with local government (at the district, sub-district and village levels) to strengthen institutional capacity

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9  Calculated at an exchange rate of Rp. 9,000 / $1.

10 Economic Benefits Study: Banyu Urip Development Project by LPEM-FEUI on behalf of APCO Indonesia; October 2003.

and to facilitate broader citizen participation in governance, directly addressing the principal impediments to improved public services. As part of this effort to improve basic services, we also recommend robust programmatic encouragement of private sector providers of basic services and strengthening local government's capacity to support, and ultimately direct, such initiatives. We also anticipate co-financing from national, provincial and local government for a significant portion of proposed CACD activities, especially those referenced under Objective 3.

**Communities.** Finally, contributions from communities participating in the CACD program should also be encouraged. The contributions can serve as a proxy indicator of community engagement. Additionally, participating villages will likely propose activities that will be implemented with co-financing through other partners such as USAID, other donors, or expanded private-public partnerships. We can also expect communities to identify and implement activities (through, for example, the referenced LED initiative) for which they will require no external funding.

# Implementing Partners

The CACD Plan emphasizes building on—and building up—installed local capacity to plan and implement program initiatives. The CACD program should seek to engage ongoing programs (a number of which were cited in preceding sections, such as the World Bank's KDP), and the local organizations managing or participating in these programs, as local implementing partners. Discussed below are potential implementing partners with roles in program governance or in supporting implementation of CACD initiatives and activities.

*Program Governance:* In addition to the proposed CACD program staff working directly for the unit, organization, or team selected to provide overall program management, we recommend the engagement of Indonesian companies and NGOs active elsewhere in providing training, to be engaged to contribute expertise in working with priority villages, their leaders, and especially village level CSOs—the program's primary implementing partners.

To support the establishment of the proposed Community Development Advisory Council, we recommend partners such as Chambers of Commerce, higher level academic institutions in the area (especially the University of Bojonegoro), as well as an organization such as Partners for Democratic Change (PDC) for specific implementation responsibilities. A well-regarded international NGO with a network of Indonesian partners, PDC could contribute to building constructive partnerships at the intersection between government, civil society, and the private sector. This organization's experience in doing so elsewhere, especially in countries with extensive natural resource bases, will prove particularly relevant.

*Improved Livelihoods & Economic Growth*: Activities associated with agriculture and agribusiness value chains should be led by a Program Development Officer on the CACD staff with technical expertise in high value agriculture and supply chain management. Implementing partners should include the University of Bojonegoro and Bank Mandiri. Faculty and students from the University's Faculties of Agriculture and Economics will establish a one hectare test plot and post-harvest handling and food processing test facilities to carry out applied research. Students and faculty from the economics program will be involved in the assessment of business opportunities as well as training of local agribusiness entrepreneurs in business management. Test facilities and interaction with the private sector will not only provide excellent learning opportunities but it will attract teaching talent to the university, and provide an addition set of human resources capable of contributing to CACD agriculture-related initiatives.

University personnel, in coordination with regional representatives from the Indonesian Ministry of Agriculture, will also develop and execute the proposed Agribusiness Development Service (ADS). Through the ADS activity, producers will receive technical assistance in developing business plans for production, packing, storage, and transport and in accessing finance. CACD will work with Bank Mandiri to facilitate credit to high value agricultural producers and implement the proposed loan guarantee program.

KDP (*Program Pengembangan Kecamata)* and *Lembaga Penguatan Perempuan Mandiri (LP2M)* are excellent prospective partners to implement micro-finance activities. KDP is a collaborative effort between the Government of Indonesia and the World Bank that will continue through at least 2009. Microfinance projects are among those supported through this project in the Cepu area. The existing activities provide access to credit totaling about 50-150 million rupiah per village. The KDP activity structures and funding channels are well-established, and the program is producing positive results. Funds go to the UPK (the sub-

district level body responsible for managing the program at the village level) to the villages, based on the quality of the proposals submitted by the villages to the UPK.

LP2M is an NGO-run microfinance program currently operating in the Cepu area. The NGO focuses on women and group based lending, currently serving 15 groups of 10 women from 8 villages. MCL already successfully works with this well organized group, and while its capacity will need to be strengthened, this organization should serve as a valuable implementing partner.

*Effective civil society engagement in the community development process:* The primary implementing partners for initiatives under the second objective are CSOs and local government counterparts in the priority villages and sub-districts. Other implementing partners (in addition to those cited in connection with the LED initiative and Community Development Advisory Council) should include existing local CSOs such as *SEMAR.* This is a formal NGO representing community stakeholders in 9 of the 16 Tier I villages. The NGO is registered, reasonably well organized, and includes broad cross section of members with a wide range of skill sets. It also possesses a considerable degree of sophistication and initiative, as reflected in the proposal developed and presented previously to MCL for supporting its development plans, accompanied by indicators and a budget corresponding to priorities of the participating villages.

*Improved community well-being* (through access to quality heath, education, basic services and infrastructure): The management and technical capacity of local NGOs to manage the health program is limited, but NGOs can contribute significantly as partners by facilitating community participation and access to local and district health care decision makers and networks. Capacity building of private and public sector organizations focusing on provision of health care should be included in the CACD program.

Two organizations should be considered as implementing partners to support improved human capacity of health workers. One is JHPIEGO, an organization affiliated with Johns Hopkins University that is active in Indonesia and recognized as a leader in improving health care especially for women and families. The other is the Indonesian Association of Midwives, which is the largest association of midwives (there are 100,000 in Indonesia), with representative chapters in the Cepu region. These organizations should be considered the primary implementing partners for health and health education activities at the village level. JHPIEGO and IDI have experience strengthening clinical practice, working with midwives and traditional birth attendants. They have demonstrated what appears to be an effective working relationship on programs with ExxonMobil and USAID, as well as with national and local level public health agencies. This experience will help ensure effective collaboration between CACD initiatives and those supported by the Ministry of Health and especially the Director of Public Health which oversees an ongoing program to improve the provision of basic health in over 12,000 villages. JHPIEGO and IDI should find a ready and able partner in *Bina Umat*, a health-care focused NGO already working in the Cepu area on MCL funded activities.

# Summary of Program Elements and Timeline

Any effort at this stage to project a reasonable implementation plan is tentative in nature. The program elements are in initial design stage, and partnerships and governance structures are still under discussion. More importantly, funding commitments and priorities need to be set in direct dialogue with these partners. That is a next step in the CACD program, should the basic elements of this plan prove to be relevant and compelling.

We do provide a tentative implementation plan in outline here. There are some logical sequences and associations to be made in any program design; these are reflected here. The need for partner strengthening—local governments and civil society organizations—is evident, so the initiatives under Objective Two assume a natural priority. Additionally, initiatives are staggered under all three objectives as the CACD and its implementing partners simply could not undertake all program initiatives at one time

There is also an element of geographic priority. Those first impacted or touched should be the first communities brought into the CACD fold. Residents and stakeholders in Tier I "high impact" villages will be the first to be affected by MCL activities, specifically by the high-profile land acquisition programmed for Q2-Q4 2007. Pipeline construction planned for Q3 2008-Q4 2009 will affect Tier III stakeholders, while construction of the CPF, which will affect both Tier I and Tier II stakeholders, is earmarked for Q4 2008-2010. Exploratory drilling that will affect Tiers I and II is planned over 2009-2011. MCL's general time-frame for field exploration and development is provided at the top of the attached implementation timeline for reference.

This implementation timeline is therefore illustrative. It will need to be further discussed with the final partners and is subject as well to MCL's overall development and production timetable.

# FIGURE 4: ILLUSTRATIVE CACD IMPLEMENTATION PHASE



## Illustrative MCL- CACD Implementation Phase

| | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|
| **MCL - Engineering Project schedule** | | | | | |
| LinePipe Construction | | | | | |
| Target - First Oil | | | | | |
| FSO / Offshore P/L | Design | | | | |
| Process Facilities (CPF) | Design | | | | |
| Drilling | Procure / E&C | Drill | | | |
| | | | | | |
| **MCL CACD Program Structure / Management** | | | | | |
| Assesment / Planning Phase | | | | | |
| Presentation & Finalization | | | | | |
| Communication & Mobilization | | | | | |
| Final Governance Structure(s) | | | | | |
| | | | | | |
| **Program Objective #1:  IMPROVED LIVELIHOODS & ECON GROWTH** | | | | | |
| Agriculture Dev & Value Chains | | | | | |
| Enterprise & Associations Developed | | | | | |
| Increased Access to Productive Finance | | | | | |
| | | | | | |
| **Program Objective #2:  CSO's ENGAGED TO LEAD DEVELOPMENT** | | | | | |
| Improve Community Planning Capacity | | | | | |
| Stengthen CSOs and Local Partners | | | | | |
| Development / Adoption of Action Plans | | | | | |
| Implementation of Local Action Plans | | | | | |
| Institute Locl M&E Effort | | | | | |
| Foster Effective and Transparent governance | | | | | |
| Build a Shared Vision for Development | | | | | |
| | | | | | |
| **Program Objective #3:  IMPROVED COMMUNITY WELL-BEING** | | | | | |
| Improved Community / Public Health Initiatives | | | | | |
| Improved Access to Community Infrastructure | | | | | |
| Improve Access to education | | | | | |

◄ Specific Milestone

↑ On-going and continued implementation

# Cepu Area Community Development Plan

Annexes to Main Report

April 2007

# Cepu Area Community Development (CACD) Plan

Annexes to Main Report

April 2007

# Contents

*Note: the contents of this document are largely unedited, and are presented here as delivered to the Phase I Project Design Leader by project technical advisors. They were not revised or updated following the February 2007 presentation of the CACD to USAID and ExxonMobil representatives.*

# Annex I: Phase I Workplan

## USAID-EXXONMOBIL PARTNERSHIP FOR COMMUNITY DEVELOPMENT IN CEPU

**Phase One Work Plan**

**3 August 2006**

### BACKGROUND

ExxonMobil, as operator of the Cepu Block, has expressed commitment to funding a robust community development program for the communities affected by Mobil Cepu Limited (MCL)-Pertamina Cepu operations. ExxonMobil believes that improving the welfare of these communities is both the right thing to do and essential to the success of the project over the long term.

To ensure that MCL-Pertamina funds are used to maximum effect and with the greatest possible transparency and participation of local communities, ExxonMobil Indonesia has requested the assistance of USAID in designing a strategy for community development that incorporates the highest human rights standards and best practices learned from the experience of other extractive industry projects. USAID has requested that DAI, through the Support for Peaceful Democratization Program (SPD), take the lead in designing this strategy.

### PHASE ONE OBJECTIVE

At the completion of Phase One, USAID and ExxonMobil will have a set of clear recommendations for a five-year Community Development and Investment Initiative that builds on the assets and aspirations of communities likely to be affected by Cepu operations, and which supports long-term economic growth and development in these locales.

### PHASE ONE OUTPUTS

Output 1: Document that presents a map of potentially affected communities, the geographic scope of the development and investment initiative, and which describes community expectations regarding MCL-Pertamina Cepu and their aspirations for local development.

Output 2: Document presenting a five-year development and investment plan that includes an objective statement, output and expected results statements, priority activities and associated implementation schedule, milestones, description of important cross-cutting themes and potential risks, and estimated resource requirements.

Output 3: Presentation of (a) the social, economic and political characteristics in potentially affected communities and (b) the five-year Community Development and Investment Initiative plan to USAID and ExxonMobil managers.

Output 4: Background data collected during the course of Phase One implementation.

## PHASE ONE APPROACH

The design phase comprises three main stages. First, DAI will clearly define USAID and ExxonMobil goals regarding the Community Development and Investment Initiative. Then, DAI will collect and analyze data from a broad range of sources to identify stakeholders and uncover their needs and priorities. Finally, DAI will prioritize and plan for community investments that meet both community needs and USAID and ExxonMobil goals. At each stage of the process DAI will work with USAID and ExxonMobil staff, tapping their local knowledge and expertise.

The community investment strategy will be designed and delivered through a 12-week engagement summarized in the activity statements listed below.

## PHASE ONE ACTIVITIES

Activity 1: Clarify the Phase One (12 week) work plan, and place it in the context of international best practices.

Activity 2: Formulate preliminary objectives and expected outputs for the 5-year Community Development and Investment Initiative.

Activity 3: Analyze impact area data provided by ExxonMobil, USAID and other sources.

Activity 4: Conduct a field assessment to confirm data, fill knowledge gaps and test hypotheses regarding stakeholder needs and issues and high-potential initiatives.

Activity 5: Identify and map stakeholders and potential partners and collaborators.

Activity 6: Prioritize community investment opportunities.

Activity 7: Design a program management structure.

Activity 8: Design a communications strategy for the initial 5-year implementation period.

Activity 9: Design funding and partnership strategies.

Activity 10: Finalize strategy design and detailed action plans.

# USAID-ExxonMobil Partnership for Community Development in Cepu

## Draft Phase One Work Plan – Indicative Implementation Schedule

| ID | Activity | Week | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 1 | Clarify the Phase One (12 week) work plan, and place it in the context of international best practices | ▇ | | | | | | | | | | | |
| 2 | Formulate preliminary objectives and expected outputs for the 5-year Community Development and Investment Initiative | ▇▇ | | | | | | | | | | | |
| 3 | Analyze impact area data provided by ExxonMobil, USAID and other sources | ▇▇▇ | | | | | | | | | | | |
| 4 | Conduct a field assessment to confirm data, fill knowledge gaps and test hypotheses regarding stakeholder needs and issues and high-potential initiatives | | | ▇▇▇▇▇▇ | | | | | | | | | |
| 5 | Identify and map stakeholders and potential partners and collaborators | | ▇▇▇▇▇▇▇ | | | | | | | | | | |
| 6 | Prioritize community investment opportunities | | | | | | ▇▇▇▇ | | | | | | |
| 7 | Design a program management structure | | | | | | | | ▇▇▇ | | | | |
| 8 | Design a communications strategy for the initial 5-year implementation period | | | | | | | | ▇▇▇ | | | | |
| 9 | Design funding and partnership strategies | | | | | | | | ▇▇▇ | | | | |
| 10 | Finalize strategy design and detailed action plans | | | | | | | | | | ▇▇▇ | | |

## PHASE ONE ACTIVITIES—DESCRIPTION OF PROCESS STEPS AND RESULTS

### ACTIVITY 1: CLARIFY THE PHASE ONE (12 WEEK) WORK PLAN, AND PLACE IT IN THE CONTEXT OF INTERNATIONAL BEST PRACTICES

To ensure clarity, and complete and accurate understanding of all aspects of the Phase One work plan, DAI will facilitate a start-up meeting with USAID and ExxonMobil representatives to discuss the objectives and outputs of the engagement, including roles and responsibilities, timeframe and resource requirements. DAI will also present to and facilitate discussion among key USAID and ExxonMobil staff of international best practices for community investment initiatives in the energy sector.

Key steps in the process include:

- Start-up meeting with USAID and ExxonMobil representatives; and
- Discussion of international best practices.

Results include:

- Clear Phase One work plan;
- Clear expectations regarding, agreement with and commitment to Phase One work plan by all key participants; and
- Formation of a Phase One Management Committee, with representation from USAID, ExxonMobil and DAI.

### ACTIVITY 2: FORMULATE PRELIMINARY OBJECTIVES AND EXPECTED OUTPUTS FOR THE 5-YEAR COMMUNITY DEVELOPMENT AND INVESTMENT INITIATIVE

As a first step in delivering the Community Development and Investment Initiative strategy, DAI will work with USAID and ExxonMobil to establish objectives and outputs for the initiative. DAI recommends setting performance objectives in terms of effective management of risks and optimization of opportunities. Defining objectives and outputs in these terms helps ensure that investments deliver value for USAID and ExxonMobil as well as participating communities. As goals and objectives are established, discussion will also be held on the potential level of financial resources available for the 5-year program period.

Key steps in the process include:

- Discussion with USAID and ExxonMobil representatives to determine and clarify priorities, opportunities, and potential funding levels;
- Draft initial objectives and outputs drawing on experience and best practices;
- Articulate preliminary objective and outputs;
- Develop indicators by which USAID and ExxonMobil can measure success; and
- Develop initial messaging for use in communications with stakeholders during Phase One.

Results include:

- Clear, well-articulated objective and output statements for Community Development and Investment Initiative;
- Estimates of potential financial resources to be made available during the 5-year program period;
- Recommended success indicators for objective and outputs.

## ACTIVITY 3: ANALYZE IMPACT AREA DATA PROVIDED BY EXXONMOBIL, USAID AND OTHER SOURCES

To ensure comprehensive understanding of the potential program area, DAI will gather and analyze data collected by ExxonMobil during previous studies. We will also collect and analyze information from other key sources, including, for example, USAID, the Government of Indonesia and regional universities. DAI will also conduct interviews with relevant USAID and ExxonMobil staff having extensive experience in the program area, and with MCL-Pertamina Cepu production development plans. As part of the review process, DAI will determine whether information gaps exist, and how these gaps might be most efficiently filled.

Key steps in the process include:

- Gather and review relevant data and studies, identify knowledge and information gaps;
- Interview relevant USAID and ExxonMobil experts;
- Develop understanding of social, economic and political situation in potential area of impact leading to draft stakeholder map to serve as guideline for subsequent engagement;
- Develop initial hypotheses of stakeholder needs and issues;
- Develop plan for field assessment to collect information to fill information gaps;
- Review international best practices for community development and investment initiatives; and
- Define initial high-potential initiative hypotheses—most attractive opportunities to engage communities in long-run.

Results include:

- Consolidated dataset, understanding of knowledge gaps;
- Draft stakeholder map; and
- Initial hypotheses of stakeholder needs and issues, and of high-potential initiatives.

## ACTIVITY 4: CONDUCT A FIELD ASSESSMENT TO CONFIRM DATA, FILL KNOWLEDGE GAPS AND TEST HYPOTHESES REGARDING STAKEHOLDER NEEDS AND ISSUES AND HIGH-POTENTIAL INITIATIVES

As necessary and appropriate, DAI will conduct a field assessment in a broadly defined MCL-Pertamina Cepu impact area. Key informant interviews and focus group discussions will uncover and assess community expectations, needs and aspirations, and assets and resources. Information collected will complement data gathered by USAID and ExxonMobil prior to Phase One. Analysis of qualitative and quantitative data will lead to an enriched understanding of potential stakeholders and their expectations, and challenges and opportunities in the MCL-Pertamina Cepu operations area.

Key steps in the process include:

- Design field assessment work plan, including objectives, outputs, area of study, hypotheses and timeframe;
- Conduct field assessment;

- Catalog and analyze information collected to clarify stakeholder map and increase understanding of needs and issues in impact area;

- Conduct preliminary assessment of market opportunities arising from MCL-Pertamina Cepu operations and related downstream activities;

- Conduct preliminary market assessments at the local, regional and national level to determine products and services for which long-term, sustainable markets exist or can be developed;

- Conduct preliminary value chain analysis to determine where blockages currently lay between community assets and viable markets, and to plan for overcoming these obstacles through community investment;

- Develop understanding of potential risks and challenges to the Community Development and Investment Initiative in the target area (e.g., potential impact of population relocation and land acquisition on program); and

- Formulate initial skeleton messaging strategy to support USAID and ExxonMobil communications with participating communities in subsequent phases.

Results include:

- Comprehensive dataset, clear understanding of potential stakeholders;

- Enriched understanding of stakeholder situation, needs and expectations;

- Assessment of community assets that will form the basis of community investment programming;

- Feasibility studies for income generating activities related to the MCL-Pertamina Cepu construction and operation;

- Feasibility studies for high-potential income generating activities related to local, regional and national markets;

- Identified areas for future cooperation and collaboration between on-going and planned USAID activities and ExxonMobil; and

- Draft communications strategy recommendations.

### ACTIVITY 5: IDENTIFY AND MAP STAKEHOLDERS AND POTENTIAL PARTNERS AND COLLABORATORS

DAI will identify implementing partners whose core technical competencies and local knowledge complement USAID and ExxonMobil resources. DAI will design the community investment plan in the context of the spending and development plans of the Government of Indonesia, which has ultimate authority over social and economic development in the country. DAI will assess each of potential partners to determine their value to USAID, ExxonMobil and the Community Development and Investment Initiative, and how the program should engage them.

Key steps in this process include:

- Define an appropriate geographic scope for the Community Development and Investment Initiative, including primary, secondary and tertiary impact areas;

- Identify potential local, regional and national implementing partners (e.g., NGOs, universities, business associations) whose core technical competencies and local knowledge complement USAID and ExxonMobil resources;

- Assess potential partner value to USAID and ExxonMobil for implementation, co-funding and coordination; and

- Follow-on interviews, as necessary, with officials and civil society leaders to gain additional insight on partner institutional capabilities, financial resources, current activities and future strategic plans.

Results include:

- Map of stakeholders and associated geographic scope for Community Development Investment Initiative;

- Map of organizations active in economic and community development in geographic target area, including organization capacity, resources and plans; and

- Assessment of the value of partnering with identified local, regional and national organizations.

## ACTIVITY 6: PRIORITIZE COMMUNITY INVESTMENT OPPORTUNITIES

The data collected on available community assets and partners will form the basis of sound decisions regarding community investment opportunities. The result of this prioritization will be a portfolio of community investments that will maximize impact. A data-driven process will also help to minimize the influence of politics, personal relationships and other exogenous criteria on community investment spending. While such factors are rarely eliminated entirely, a data-driven process can usually channel special interests into activities that are consistent with program objectives.

DAI will recommend strategic sectors for community investments over the next five years, based on stated objectives for the program. Agri-businesses, micro-credit and vocational training are examples of likely strategic sectors for community investment. The selected strategic sectors will form the framework for all community investments. DAI will then develop robust selection criteria for the community investments in each sector. Demonstrable impact, capacity building, cost-effectiveness, and sound exit plans are examples of typical selection criteria for strong corporate community investment programs. In addition to strategic sectors for the next five years, DAI will also recommend individual investments for the first year of the program based on the selection criteria.

Key steps in the process include:

- Establish clear criteria for prioritizing sectors and regions for investment;

- Analyze the data on community assets to prioritize sectors, themes and regions that best meet the selection criteria; and

- Assess the likely time horizon for each opportunity to contribute to the program goals, both in the first year and over the five-year lifecycle of the program.

Results include:

- A framework of priority sectors and regions for community investments;

- Selection criteria for investments in each priority sector and region; and

- Recommendations for specific high priority investments in Year 1.

## ACTIVITY 7: DESIGN A PROGRAM MANAGEMENT STRUCTURE

DAI will design a program management structure for community investment decision-making and oversight. The structure will enable and facilitate community participation in

making key decisions and in program oversight, maintain the strategic framework of the investment portfolio, and build a results-oriented culture among those participating in the program's governance.

Key steps in this process include:

- Discuss, analyze and draw upon global best practices in managing corporate community investment programs in the energy sector;
- Assess potential partner data to evaluate candidates for participation in the program's governance;
- Develop a structure for community investment solicitation, review, approval and oversight; and
- Develop an action plan for standing up the governance structure in Year 1.

Results include:

- A governance structure for community investment;
- Recommended participants in decision-making and oversight; and
- An action plan to build and initiate the governance structure.

### ACTIVITY 8: DESIGN A COMMUNICATIONS STRATEGY FOR THE INITIAL 5-YEAR IMPLEMENTATION PERIOD

The Community Development and Investment Initiative is certain to be the focus of attention of local and international stakeholders. The Initiative's strategy, decisions, actions and outcomes need to be effectively communicated to these stakeholders throughout the initial five-year period. As important, the Initiative needs to be able to receive communication effectively from these stakeholders. DAI will design a communications strategy that allows USAID and ExxonMobil to clearly articulate the goals, approach and achievements of the Community Development and Investment Initiative, and respond to the messages of others.

Key steps in the process include:

- Develop key messages USAID and ExxonMobil will wish to communicate;
- Develop an organizational structure and protocols for communicating key strategies, decisions, actions and outcomes, and for facilitating open dialogue between USAID, ExxonMobil and community stakeholders;
- Identify key target audiences among local, national and international stakeholders; and
- Identify optimal media for communicating with key target audiences.

Results include:

- A communications strategy, including key messages, audiences and media; and
- Recommendations for communication organizational structure and protocols.

### ACTIVITY 9: DESIGN FUNDING AND PARTNERSHIP STRATEGIES

Allocation of funding in the Community Development and Investment Initiative will be driven by the program's objective and planned outputs. It is unlikely that USAID and ExxonMobil expertise and experience will be adequate to address all challenges and opportunities that might arise during the program period. As such, partnerships will need to

be formed with organizations having the technical and reputational resources required by the program. It is likely that these groups will require funding to become engaged in the program.

Key steps in this process include:

- Estimate resources needed to meet the program's objectives;
- Identify gaps in available resources (financial and technical);
- Identify viable implementers for success in each strategic sector and region;
- Develop a strategy engage viable implementers, with targets and timelines; and
- Determine levels of USAID and ExxonMobil financial resources needed to achieve program objectives.

Results include:

- An internal funding plan for each strategic sector or region; and
- A strategy for engaging external partners.

## ACTIVITY 10: FINALIZE STRATEGY DESIGN AND DETAILED ACTION PLANS

Throughout Phase One, DAI will engage USAID and ExxonMobil in the development of each element of the Community Development and Investment Initiative strategy. When the strategy is in draft form, we will conduct a thorough review of our recommendations with USAID and ExxonMobil managers. The review will be designed both to deliver findings and to identify elements of the plan that require strengthening, removal or additional data. Following the review DAI will integrate USAID and ExxonMobil feedback into a finalized strategy design and detailed action plan for next steps and implementation.

Key steps in this process include:

- Prepare draft strategy for community investments, governance, communication, funding and partnerships;
- Conduct a joint review of the draft strategy;
- Conduct additional research, interviews and analysis as necessary; and
- Identify actions and timelines that will allow USAID and ExxonMobil to implement each element of the strategy.

Results include:

- A finalized Community Development and Investment Initiative strategy; and
- Action plans for implementing each element of the strategy.

# Annex II: Detailed CACD Framework

**FIGURE 1: RESULTS FRAMEWORK FOR THE CEPU AREA COMMUNITY DEVELOPMENT PLAN**

**DEVELOPMENT GOAL**

**Advance sustainable community development and well-being by building upon the assets, values & aspirations of communities.**

**MCL Goal**

**MCL viewed as a valuable, responsible citizen and neighbor in the Cepu area.**

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**OBJ. 1: Improved Livelihoods and Economic Growth for Communities**

- **Improved/Sustainable Livelihoods**
  — Buffer Zone development
  — Concession of Grazing Rights in Pipeline Corridor
  — Agribusiness Development Service
  — Development of Supply Chain and Value-Adding Industries
- **Competitive Enterprises Developed** (associated with agriculture, fishing, and non-agriculture value chains)
- **Increased Ability of Cepu Area Firms to Compete**
- **Increased Access to Productive Finance**

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**OBJ. 2: Effective CSO Engagement to Lead the Development Process**

- **Improved Community Capacities** in Transparent Governance and Development Planning
- **Civil Society Organizations** (CSOs) at village and regional levels **established and strengthened**
- **Community and Regional Action Plans (CAPs/RAPs) Developed & Adopted**
- **CAPs & RAPs Implemented**
- **Performance Monitoring** Plans at the Village & Regional Levels **Established**
- **Capacities & Partnerships Expanded to Increase Effective and Transparent Governance**
- A Shared Vision for Development Built

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**OBJ. 3: Improved Community Well-Being through Increased Access to Quality Health, Education & Services**

- **Community/Public Health Improved**
  — Better Access to Public Health Care in Communities
  — Improved Quality of Health Care Services
  — Improved Public Health Infrastructure (including water and sanitation)
- **Increased Access to Improved Community Infrastructure & Basic Services**
- **Improved Access to Quality Education** (formal and non-formal)
  — Teacher training & certification
  — Improved academic infrastructure & equipment
  — MCL sponsored scholarships
  — Mobile Libraries
- **Improved Access to Information, Communication through ICT Center**

**TABLE: CACD PROGRAM OBJECTIVES AND ACTIVITIES FRAMEWORK**

| OBJECTIVE 1: Improved Livelihoods and Economic Growth for Communities | OBJECTIVE 2: Effective CSO Engagement to Lead Community Development Process | OBJECTIVE 3: Improved HEALTH, EDUCATION, & Well-Being of Communities |
|---|---|---|
| **Components** | **Components & Tools** | **Illustrative Components[1]** |
| **1.1. Improved Income from Livelihoods** | **2.1 Preparation & Engagement** | **3.1 Improved Community/Public Health** |
| ■ Buffer Zone Development (Tier I) | **2.2 Leadership Training** through the Community Leadership and Engagement for Development (LED) program | ■ Public Health awareness program utilizing Posyandu volunteers |
| ■ Concession of Grazing Rights in Pipeline Corridor—Tier III | | ■ Increase effectiveness of midwives through training and equipment |
| ■ Agribusiness Development Service (Tiers I, II, III) | **2.3 Platform Building**—establishing community and regional level CSOs | ■ Training for health care workers in focus areas of health for mothers, infants, and children under 5 years old |
| ■ Development of Supply Chain and Value Adding Industries (Tiers I, II, III) | **2.4 Establishment of a Community Development Advisory Council** | ■ Preventative health courses at local schools |
| **1.2 Competitive Enterprises Developed (associated with agriculture, fishing, and non-agriculture)** | **2.5 Community Action Plans (CAPs)** prioritizing health and education, resulting in specific opportunities for funding under Objective 3 | ■ Water and sanitation projects |
| ■ Strengthen Trade Associations and Chambers of Commerce | | ■ Reforestation and Watershed protection programs |
| ■ Support development of key small and medium-sized enterprises through Sub-Regional Competitiveness Center | **2.6 Systems for Performance Monitoring** and training in performance monitoring at the village level | **3.2 Increased Access to Improved Basic Services** |
| ■ Encourage group formation and business generation at community level | **2.7 Linkages** built to understand local/national level government budget and planning processes with information on that process stored and accessible in the Community Information Center | ■ Water for poor and marginalized groups |
| **1.3 Increase Access to Productive Finance** | | **3.3 Improved access to quality education (formal and non-formal)** |
| ■ Increase Access to finance for women entrepreneurs through LPPM | | ■ Teacher training & certification |
| ■ Bridge the gap between community-level finance and bank finance through loan guarantee program | | ■ Improved academic infrastructure & equipment |
| ■ Increase amount of credit and improve credit products available by partnering with KDP | | ■ MCL sponsored scholarships |
| | | ■ ICT Center Program |
| | | ■ Mobile libraries |

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[1] Priorities for community-level projects funded under Objective 3 will be determined through the community engagement and action planning processes described in Objective 2.

| OBJECTIVE 1: Improved Livelihoods and Economic Growth for Communities | OBJECTIVE 2: Effective CSO Engagement to Lead Community Development Process | OBJECTIVE 3: Improved HEALTH, EDUCATION, & Well-Being of Communities |
|---|---|---|
| **IMPLEMENTING PARTNERS** | **IMPLEMENTING PARTNERS** | **IMPLEMENTING PARTNERS** |
| ▪ Agribusiness Management Team<br>▪ University of Bojonegoro—UNIGORO<br>▪ Faculties of Agriculture and Economics<br>▪ World Bank/KDP—The Kecamatan Development Project (or Program Pengembangan Kecamatan<br>▪ Bank Mandiri—Previous experience with guarantee programs and corporate partners<br>▪ USAID/SENADA and AMARTA Programs—Regional SME and Agricultural Development Programs for value chain improvement in agricultural and non-agricultural sectors in Java and Sumatra.<br>▪ Lembaga Penguatan Perempuan Mandiri (LP2M)—Women's Micro Finance Program currently serving 15 groups of 10 women from 8 villages<br>▪ Financial cooperatives (Koperasi)—Individual lending institutions<br>▪ Baitul Mal Wat Tamwil (BMT)—Shariah based savings and loan | ▪ Community development & capacity building team—facilitators, coordinators.<br>▪ Human Earth Development Center (HEDC)<br>▪ Community Development Advisory Council—Made up of 5 respected and independent local leaders from civil society.<br>▪ Village Leaders—Tiers I, II, III<br>▪ Bina Umat—Local CSO specializing in community outreach and made up of over 400 multi-disciplinary volunteer members<br>▪ SEMAR—Tier I village CSO promoting advocacy and facilitation<br>▪ NSBU (Koperasi Niaga Sarana Banyu Urip)—Tier I CSO working in village education infrastructure. | ▪ The Johns Hopkins University affiliated JHPIEGO Program<br>▪ The Indonesian Association of Midwives (IBI)<br>▪ DAI Environmental Services Program (ESP) funded by USAID through 2009 in Central Java<br>▪ *Perusahaan Daerah Air Minum* (PDAM)—Local water utility<br>▪ *Bina Umat* –Local CSO specializing in community outreach and made up of over 400 multi disciplinary volunteer members.<br>▪ HAKLI: Association of Indonesia Environmental Health<br>▪ Institute of Health Training in Bojonegoro |
| **FUNDING PARTNERS** | **FUNDING PARTNERS** | **FUNDING PARTNERS** |
| ▪ MCL, World Bank<br>▪ USAID<br>▪ Local, Sub-district, District, Provincial and National Government Agencies | ▪ MCL<br>▪ USAID and World Bank | ▪ MCL<br>▪ USAID, World Bank and Private Sector Partners<br>▪ HAKLAI<br>▪ Local, Provincial, District, and National Government Agencies |
| **STAKEHOLDERS** | **STAKEHOLDERS** | **STAKEHOLDERS** |
| ▪ Tiers I, II, III—Agricultural and small business sectors.<br>▪ Farmer Groups<br><br>**KDP:**<br>▪ Simpan Pinjam Perempuan (SPP)—Women's Group<br>▪ Unit Ekonomik Produktif (UEP)—Men's Group | ▪ Tiers I, II, III—Population<br>▪ BAPPEDA—Government Development Department<br>▪ INFOKOM—Government Communication Department<br>▪ Local media and journalists<br>▪ Local CSOs and advocacy groups | ▪ Tiers I, II, III<br>▪ Department of Health<br>▪ SEMAR groups<br>▪ Women's movement groups PKK for POSYANDU activities<br>▪ Village midwives |

| OBJECTIVE 1: Improved Livelihoods and Economic Growth for Communities | OBJECTIVE 2: Effective CSO Engagement to Lead Community Development Process | OBJECTIVE 3: Improved HEALTH, EDUCATION, & Well-Being of Communities |
|---|---|---|
| **INPUTS** | | |
| **Agriculture**<br>▪ Technical assistance to cultivate high value crops and investment in a packhouse and freezing station.<br>▪ Creating a grazing concession along the pipeline route<br>▪ Developing an Agribusiness Development Service (ADS)<br>▪ Technical assistance to develop supply chain and value- adding industries.<br><br>**Micro Credits/SME**<br>▪ Capitalizing LPPM and providing staff with technical assistance and training.<br>▪ Implement a loan guarantee program to bridge the gap between community-level finance and bank finance.<br>▪ Increase the amount of credit and improve the products available locally.<br>▪ Investment in a regional business competitiveness center.<br>▪ Technical assistance for local businesses to become MCL suppliers | **Effective CSO Engagement To Lead Community Development Process**<br>▪ Leadership training for village leaders.<br>▪ Assistance with registration of locally sustainable CSOs.<br>▪ Technical assistance and capacity building in organizational governance to local implementing CSOs and community groups.<br>▪ Training in community action planning (CAP) process.<br>▪ Technical assistance in performance monitoring and project tracking.<br>▪ Training and awareness-raising around location/national level government budget and planning process, and in community involvement and expectations surrounding such processes.<br>▪ Technical Assistance in setting up and running a community information center. | **Improved Health, Education, And Well-Being Of Communities**<br>▪ Use of puskesmas staff dealing with community health, village community leaders' involvement, and teachers in schools as the leaders for community health improvement programs.<br>▪ Technical assistance in public health leadership and program implementation.<br>▪ Technical assistance in water and sanitation projects, and in reforestation and watershed programs.<br>▪ Training for teacher certification programs.<br>▪ Equipment for improved academic infrastructure.<br>▪ MCL investment in scholarship program.<br>▪ Training and equipment for mobile libraries and ICT program. |
| **OUTPUTS** | | |
| **Agriculture**<br>▪ Within year 1-2 a total of 2,400 displaced laborers working in high value agriculture in buffer zone.<br>▪ Approximately 150 ha of grazing areas cultivated and set aside on top of the pipeline route.<br>▪ An ADS, based at the University of Bojonegoro, increasing the technical capacity of local producers and suppliers in the local agricultural chain.<br><br>**Micro Credits/SME**<br>▪ XXX of women receiving micro credits from LPPM in Tier I villages. | ▪ X number of men and women trained in leadership skills.<br>▪ X local partner organizations established and trained<br>▪ X Community Action Plans completed.<br>▪ X number of training sessions and X number of participants in government budgeting and planning.<br>▪ X number of Community action plans which resulted in subsequent project funded through Objective 3. | ▪ Sixty eight community based health services POSYANDU from 19 villages that promote learning of good health practices.<br>▪ Improved access to clean water and sanitation to ten percent of poorest household in the areas.<br>▪ Improved school health program that provides starting point for student health practices.<br>▪ Better access and quality of midwife services in village clinics and outreach service program.<br>▪ X number of schools receiving equipment upgrades. |

| OBJECTIVE 1: Improved Livelihoods and Economic Growth for Communities | OBJECTIVE 2: Effective CSO Engagement to Lead Community Development Process | OBJECTIVE 3: Improved HEALTH, EDUCATION, & Well-Being of Communities |
|---|---|---|
| ▪ XXX loans made and the number and type of credit products available at the community level.<br>▪ One regional business competitive center situated in Bojonegoro by end of Year 1.<br>▪ A technical assistance program assisting the chambers of Commerce in Bojonegoro, Tuban and Blore Districts to advise members on the MCL procurement process and requirements. | ▪ Establishment of village-level Performance monitoring systems.<br>▪ Establishment of community information centers. | ▪ X number of teachers receiving training.<br>▪ X number of MCL scholarships awarded.<br>▪ X number of mobile libraries and ICT programs established. |

**RESULTS**

| OBJECTIVE 1 | OBJECTIVE 2 | OBJECTIVE 3 |
|---|---|---|
| **Agriculture**<br>▪ Creation of a 100 ha buffer zone around the Production Procession Facility and cooperative that absorbs approximately 2,400 laborers displaced by land acquisition.<br>▪ Increases in the production of higher value added agricultural produce.<br>▪ Development of more sophisticated supply chain techniques.<br>▪ Increases in the number of supply chain and value-adding industries by partnerships with other projects and the proposed micro finance and SME-development proposal.<br><br>**Micro Finance/SME**<br>▪ An expanded, targeted and sustainable women's credit program that may act as a template for Tier II and Tier III populations.<br>▪ A more widespread and well governed community micro credit program based on the demands of the communities in Tiers I, II and III<br>▪ The development of local industry's technical capacity, access to more widespread markets and opportunities for increased investment.<br>▪ A list of vetted and qualified possible service providers to MCL at each chamber of commerce | ▪ Sustainable civil society organizations which lobby government, donors, and MCL for their communities' needs.<br>▪ Capacity at the community level to monitor government budgets, donor programs, and funds provided by international business organizations. | ▪ Poorest section of community can access community based clean water system.<br>▪ Women and infants use POSYANDU as a learning center for health practices.<br>▪ School children have good exposure to better health practices and learning in their schools.<br>▪ More people will enjoy a healthy environment in the area.<br>▪ ICT center and mobile libraries operate with financial sustainability. |

# Annex III: Final CACD Briefing, Presentation Slides



**Cepu Area Community Development Plan (CACD)**

23 March 2007
Jakarta, Indonesia



**Presentation Roadmap**

- Phase 1 Objectives and Outputs
- CACD Introduction (an Overview)
- CACD Components (the Details)
- Input Requirements
- Startup Plan
- Discussion

## Phase 1: Objective and Outputs

**Objective:** Recommendations for a five-year community development and investment initiative that builds on the assets and aspirations of communities likely to be affected by Cepu Block operations.

**Outputs:**

- Geographic scope of CACD, and description of community expectations and aspirations for local development;

- Comprehensive five-year CACD description;

- Presentation of (a) the social, economic and political characteristics in potentially affected communities and (b) the five-year CACD; and

- Background data collected during Phase 1.

## Challenges and Opportunities

- **Oil Spills**—*at sea or inland, drinking water contamination, land degradation*

- **Air Quality**—*dust from roads, possible $H_2S$ release, light and heat from flaring*

- **Land Acquisition**—*transparency, equity, legal requirements, timely compensation*

- **Local Customs and Traditions**—*respect, historical sites, immigration*

- **Access to Infrastructure**—*public use of project roads, farming and commercial activities on right of way, fishing above offshore pipelines*

- **Community Development**—*strengthen community services and facilities, development of local business and economic opportunities*

- **Job Opportunities**—*priority for local residents, recruitment without the a "middle man"*

**CACD Impact Area and Beneficiaries**

**101 Villages, 93,500 Persons**



**CACD — Comprehensive & Community-Driven**

CACD Framework: Goals, Objectives, Initiatives

## CACD Management

➢ **_Establish a MCL "in-house" program management unit_** for executing CACD, to provide technical direction and financial oversight

➢ **_Work through a public-private partnership with a donor agency,_** as done elsewhere in Indonesia, for example in Lhokseumawe

➢ **_Engage directly one or more private organizations_** to manage and implement CACD, provide technical assistance, and ensure accountability for program resources and impact

## CACD Governance

**_Engage CSOs at the village and regional levels as key program governance partners,_** and ultimately as the locus of CACD decision making and planning toward the conclusion of the five-year period.

CACD Initiatives — Economic Growth

Indicative Activities:

· High Value Agriculture Production, Processing & Markets
· High Value Seafood Production, Processing & Markets
· Concession of Grazing Rights

Begin now, continue through first 24 months

Private Sector Suppliers, Supermarkets, Banks, Retailers Association, Bojonegoro Univ.

Roll Implementation from Tier I, to Tier II, to Tier III

BUSINESS ORIENTED GOAL
MCL viewed as valuable, responsible corporate citizen and neighbor in Cepu area.

DEVELOPMENT ORIENTED GOAL
Sustainable community development & well-being built upon the assets, values, and aspirations.



Illustrative MCL- CACD Implementation Phase

**Review and Discussion …**

- **Goals and Objectives**
- **Location and Beneficiaries**
- **Governance**
- **Communications**
- **Initiatives**
- **Timing, Funding for 5-year and 6-month periods**



# Cepu Area Community Development Plan

23 March 2007
Jakarta, Indonesia

**≡DAI**  Washington   London   Johannesburg   Ramallah

# ANNEX IV: MICROFINANCE AND ENTERPRISE DEVELOPMENT COMPONENT

## Executive Summary

This component of the assessment proposes initiatives that will improve livelihoods in the targeted communities of the Cepu Block by increasing access to microfinance and enterprise development services. Specifically, these initiatives will:

- Increase access to finance for women entrepreneurs;

- Bridge the gap between small, group loans provided at the community level and formal finance offered by banks;

- Increase the amount of credit and improve the credit products available at the community level;

- Encourage group formation and business idea generation at the community level, including youth that may be interested in starting businesses;

- Improve access to information about ExxonMobil procurement processes and requirements and access to training necessary to comply with these processes and requirements; and

- Support the development of key non-agriculture value chains, such as furniture, through partnerships with other projects.

To implement these initiatives, ExxonMobil will leverage existing assets, partnering with local organizations and international projects, such as Bank Mandiri, World Bank/Government of Indonesia PPK, USAID/SENADA, and LPPN—a women's microcredit organization. Working with and through existing organizations and programs is not only cost effective but a more sustainable approach as well.

# Introduction

On October 2, 2006, ExxonMobil signed a memorandum of understanding (MOU) with the United States Agency for International Development (USAID) for the purpose of designing a strategic development program that is referred to as the "Cepu Block Community Development Initiative". The intended results of the field assessment and broader design efforts associated with Phase I is to develop and present a framework for a Community Development Plan that will facilitate economic development and good governance in the Cepu Block area. This area could include the Blora Regency in Central Java, but will certainly include the Bojonegoro and Tuban Regencies of East Java. The objective of the field assessment and proposed Community Development Plan, according to the referenced MOU, is to provide:

> "a set of clear recommendations for a five-year community development and investment initiative that builds on the assets and aspirations of communities likely to be affected by Cepu operations, and which supports long term economic growth and development in these locals."

This component of the assessment proposes initiatives that will improve livelihoods in the targeted communities of the Cepu Block by increasing access to microfinance and enterprise development services. In addition to improving the economic well-being of these communities, these initiatives aim to:

- Promote gender equity in community activities and ensure benefits to women;

- Facilitate good governance;

- Incorporate sound environmental practices and promotion of conservation through the community activities undertaken; and

- Create a process for integrated community-driven development.

# Stakeholder Identification

To define impact criteria and select stakeholder villages accordingly, the DAI field assessment team conducted field interviews and focus groups with stakeholders from a representative sample of both Bojonogoro and Tuban kabupatens. Some stakeholders were from those areas previously defined by ExxonMobil as ones of high impact that had previously experienced exploration drilling, while other stakeholders were from immediately adjacent areas and villages along the proposed pipeline route. The team also conducted interviews with a control group situated outside areas of previous or future MCL operations.

The team concluded that by their nature MCL operations will not have a uniform affect on all stakeholders. Different stakeholders will be affected in different temporal and spatial ways. For example, the Central Processing Facility (CPF) requires 600 ha of land that will directly affect stakeholders over the long term through landless labor displacement. Exploration drilling may be high impact over the short term (in both visibility and effects on local transport networks), but low impact over the long term if no hydrocarbon extraction takes place. Pipeline construction is

relatively rapid and of relatively low impact, however some stakeholders will be affected in the long term by restrictions on land use directly above the pipeline and in the proximity to the Floating Storage Unit (FSU).

In order to more simply define the impact selection criteria, DAI has assumed that the villages with highest impact will be those that are in proximity to the CPF and well exploration sites, with relatively lower impacted villages situated along the pipeline. DAI developed a three tier spatial definition of stakeholders that is flexible according to the nature of MCL activities over time. Any future exploration or processing activities can be categorized into the categories defined below.

**Tier I** villages will be those directly affected by the presence of the CPF and potential exploration drilling sites. These were deemed high impact because of the need for land acquisition, the high visibility of MCL activities, and potential high impacts to local transport networks from exploration drilling. An additional criteria was that the stakeholders in these villages had already formed a community group specifically defining themselves to be highly affected by MCL operations. This tier is exclusively located in the Kabupaten of Bojonogoro.

**Tier II** villages are those that are immediately adjacent to, or border, Tier I stakeholder villages. These villages form a boundary layer around the Tier I sites.

**Tier III** villages are those that will intersect with the pipeline. This is an approximation as the exact pipeline route has yet to be determined.

**Tier I -** 16 Villages: Population 13,520

**Tier II - 3**9 Villages: Population 33,848

**Tier III** - 46 Villages: Population 46,105

Stakeholders in Tier I will be the first to be affected by MCL activities, namely the high profile land acquisition programmed for Q2-Q4 2007. Pipeline construction planned for Q3 2008- Q4 2009 will affect Tier III stakeholders, while construction of the CPF that will affect both Tier I and Tier II stakeholders is earmarked for Q4 2008-2010. Exploration drilling that will affect Tiers I and II is planned over 2009-2011.

In total DAI has identified 101 villages in the three tiers with a total population of 92,203. A total of 15 sub-districts will be affected in the kabupatens of Bojonogoro and Tuban.

| Sub District | Tot # Villages | Tier I Villages | Tier II Villages | Tier III Villages |
|---|---|---|---|---|
| Bojonogoro | 7 | | | |
| Bubulan | 1 | | | |
| Dander | 6 | | | |
| Kalitidu | 18 | | | |
| Kasiman | 1 | | | |
| Malo | 9 | | | |
| Ngasem | 18 | | | |
| Palang | 7 | | | |
| Plumpang | 4 | | | |
| Purwosari | 6 | | | |
| Rengel | 10 | | | |
| Soko | 6 | | | |
| Trucuk | 7 | | | |
| Windang | 1 | | | |

# Field Assessment Methodology

In order to design options and an appropriate strategy for promoting microfinance and micro and small business development in the Cepu Block area, the microfinance specialist conducted a field assessment to ascertain the current and potential level of economic activity; the type of activity; the need and demand for credit and other financial services; and the possible providers of such financial services.

The microfinance specialist used a wide range of methods for gathering information needed to identify opportunities for employing microfinance investment as a vehicle for development in Cepu. These methods included secondary source research, key stakeholder interviews, and focus group discussions. Attachment A contains a complete list of primary and secondary information sources.

The specialist interviewed local community-based organizations, financial institutions, non-governmental organizations, government counterparts, and international organizations working in Cepu to learn more about the types of services that currently exist along with the potential opportunities and obstacles for expanding them. The specialist examined to whom these services are delivered, how they are delivered, and on what terms (including loan size, loan term, interest rate, guarantee required, and repayment schedule).

Semi-structured focus group discussions served as a key method for gathering the necessary information and for garnering critical indications regarding microfinance from those most likely to seek access, benefit, and effectively use this development resource. These focus groups were conducted primarily in those villages defined as high impact—villages from which ExxonMobil will acquire land for the pumping station. In addition, the specialist visited a couple of villages

outside the high impact area, along the proposed pipeline, recognizing that these villages may be affected as well. Also, to determine the extent to which residents of the broader Cepu area expect MCL involvement and support, the microfinance specialist conducted focus group discussions in nearby villages that fall outside the high impact and pipeline areas.

From January 21 to February 5, the specialist surveyed 8 villages and conducted site visits at 19 others. Table 1 contains a list of the villages surveyed and visited.

Each focus group discussion involved 4-6 participants and lasted from 1 to 3 hours, depending upon the number of participants. The specialist paid close attention to group composition, holding separate discussions with all-female groups.

Participants were asked 5-6 primary questions with supplementary or follow-up questions posed depending on the participants' responses. The microfinance specialist asked the following primary questions:

- What are your primary sources of income?

- What are your main challenges?

- How did you get the capital to start your business/income-generating activities?

- Have you ever taken out a loan? What are your thoughts regarding loans?

- What has been your experience with banks, cooperatives, microfinance programs, or arisans[2]?


The microfinance specialist also assessed the institutional capacity of microfinance institutions or other organizations that possess the means to offer microfinance services to determine their existing or potential capacity to respond to current and emerging needs, especially in the agricultural sectors and downstream opportunities associated with MCL investments. Key capacity areas assessed include: institutional governance; human resources; services, clients and markets; information systems and controls; and financial performance.

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[2] Arisans are traditional rotating savings and credit and schemes run by women.

## TABLE 1: VILLAGES SURVEYED AND VISITED

| Surveyed Communities | Visited Communities |
|---|---|
| Lugung (Tuban) | Bangunrejo (Tuban) |
| Karagagung (Tuban) | Sumurcinde (Tuban) |
| Gayam (Bojonegoro) | Kebonagung (Tuban) |
| Mojedelik (Bojonegoro) | Sawahan (Tuban) |
| Bornorejo (Bojonegoro) | Panggung Rejo (Tuban) |
| Pandagan (Bojonegoro- control group) | Prambon Netan (Tuban) |
| Brabowan (Bojonegoro) | Trutup (Tuban) |
| Bebadon (Bojonegoro) | Kesamben (Tuban) |
| | Kepohagung (Tuban) |
| | Ngaryung (Tuban) |
| | Sumberangun (Tuban) |
| | Wonorejo (Tuban) |
| | Cendoro (Tuban) |
| | Gesikharjo (Tuban) |
| | Sumengko (Bojonegoro) |
| | Katur (Bojonegoro) |
| | Ringgun Tungal (Bojonegoro) |
| | Ngraho (Bojonegoro) |
| | Ngatru (Bojonegoro) |

# Field Assessment: Key Findings

Key findings from the field assessment are discussed below. The recommended program initiatives (presented in the subsequent section) take into account these findings.

**Most villagers engage in diverse income-generating strategies as a way of mitigating risk.** Rice farming is not viewed as a consistent source of income, given that the number of crop cycles is often dependent upon the frequency and amount of rain. Other types of economic activities include: animal husbandry (such as goat, chicken, and cow fattening and breeding); retail services (convenience stores, mini markets); food preparation and manufacturing, including tempeh production, ice-cream making, and ledre[3] production. Of all the villages surveyed, the economies of the fishing villages are the least diverse, with these villages remaining almost completely dependent upon fresh fish and fish products (such as shrimp paste and dried fish).

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[3] Ledre is an Indonesian wafer, made from rice flour, banana, sugar, coconut milk, and vanilla.

**Communities need access to a range of credit products.** Because community members are involved in different types of income-generating activities with different business cycles, they need loans of different sizes, different term lengths, and different repayment schedules. Community-level programs, such as the Unit Ekonomik Produktif and the Simpan Pinjam Perembuan (managed by the World Bank-funded PPK), tend to offer standardized group loan products. There is little or no flexibility in terms of loan size, term, and repayment schedule. These standardized group loans work well for some borrowers needing short to medium-term working capital finance.

**Demand for financial services is high and will increase as opportunities emerge from agriculture initiatives.** As a result of land acquisition, the demand for financial services is likely to increase further. There are more farm laborers than farm owners in the high impact villages. Focus group respondents in Mojodelik reported the ratio of farm owner to farm work to be 40:60. Although farm laborers move from farm to farm providing their services, with the reduction of farm land as a result of land acquisition, they will experience reduced income due to less work. These laborers can either devote more of their resources to other income-generating activities in which they are already involved or they can undertake new activities. Both of these options will require access to financial services.

Land owners will more likely want to buy more land, but others may want to start businesses. Although financial compensation from the sale of the land will in most cases be sufficient to cover the costs associated with start-up capital investments, these new business owners will need continued access to working capital.

**Loan sizes offered through group lending programs are frequently too small.** Because the amount allotted to each group about 10 million IDR per group, with a loan term of a year, some focused group participants argue that this amount, if divided among a group of 10-20, is too small. In those situations were the group has requested larger loan sizes, they have been denied the larger loans. For small working capital loans, the term may be shortened (giving borrowers access to more capital over the course of a year), or groups with a strong credit history should be permitted to receive increasingly larger loans for the 1 year period.

**Land ownership is extremely valued by community members.** Focus group participants expressed their deep attachment to their land. One interviewee stated that it would be better for MCL to rent rather than purchase the land. In so doing, the land owner would continue to earn income from land rental and would maintain title to the land, returning to the land once oil exploration and drilling is complete. Moreover, land is the most acceptable form of collateral (even though financial institutions realize that, in the case of default, land repossession and sale is costly and unlikely). With land acquisition, land owners will lose their collateral, and as a result, will face difficulty in receiving credit.

**A wide range of financial service providers already exists in the area.** The suppliers of financial services can be organized into several categories—community level organizations (supported by the PPK), non-governmental organizations that run microfinance programs, financial cooperatives, shariah-based cooperatives or Baitul Mal Wat Tamwil (BMT), Bank Perkreditan Rakyat (BPR) or village banks, and banks with national coverage, such as Bank Rakyat Indonesia (BRI) and Bank Mandiri. Each type of supplier tends to target a different market niche, providing different clients with different loan products. Table 2 describes these

categories in more detail. For more information on the specific institutions referenced in this table, see Attachment B.

**TABLE 2: SUPPLIERS OF FINANCIAL SERVICES**

| Category | Example | General Characteristics |
|---|---|---|
| Community-based organizations | Simpan Pinjam Perempuan (SPP), Unit Ekonomik Produktif (UEP)—both part of the PPK credit program | Group lending; no collateral requirements; small loan amounts (generally less than 1 million IDR per borrower); repayment made monthly; interest about 3% per month; SPP serves women; UEP serves both men and women |
| Non-governmental organizations | Lembaga Penguatan Perempuan Mandiri (LP2M) | NGO-run microfinance program targeting women; group based lending; currently serving 15 groups of 10 women from 8 villages; loan term is 1 year; repaid monthly; all groups receive loans of 5 million IDR, divided among members; interest is 1.5% per month |
| Financial cooperatives (Koperasi) | Mitra Usaha; Arta Rejo; Citra Abadi; Karya Agung | Individual lending; although these institutions are registered as cooperatives (meaning they are collectively-owned), many of them are owned by one or few individuals |
| Baitul Mal Wat Tamwil (BMT) | BMT Amanah; BMT Insan Cendekia; BMT Insan Kamil; BMT Insan Cita; BMT KJKS AKAS | Shariah-based savings and loan organizations; borrowers must be members of the BMT; loans repaid monthly; no interest, instead the borrower and lender agree upon the profit share before loan is disbursed; loans greater than 1 million require a guarantee; BMTs require that members save each month |
| Bank Perkreditan Rakyat (BPR) | 8 registered BPR in Bojonegoro and Turban, see Attachment D for the complete list. | Individual loans; small amounts, generally in the amounts of 2-4 million IDR; localized outreach—BPR are only permitted to lend in a particular district |
| Banks | Bank Mandiri; Bank Rakyat Indonesia (BRI) | Formal, regulated institutions; individual loans; wide range of financial services; require collateral (frequently in the form of a land title); micro and small loans range from 1-100 million IDR; interest rates vary from 1-2% per month |

**Partnering with and strengthening existing providers is more cost effective than creating new credit institutions or programs.** Partners should be selected based on institutional capacity, target market and potential outreach, and willingness to collaborate with international and corporate partners. Strong potential partners include: 1) Bank Mandiri, who currently operates a wholesaling program for the Asian Development Bank and, through a guarantee with Mina Laut, provides credit to fisherman and suppliers in Tuban; 2) PPK program, which is funded by a World Bank loan to the Indonesian government and supports community level microfinance at the village-level in all villages; and 3) LPPM, a women's NGO supported by ExxonMobil, which provides female entrepreneurs with access to microcredit.

**Collateral requirements are stringent, precluding certain borrowers from formal credit**. There appears to be a "missing middle"—potential borrowers who need loans larger than those available through the PPK programs, but without sufficient or acceptable collateral to access

formal bank financing. These borrowers are also more interested in accessing individual loans rather than group loans.

**Women are especially underserved.** Women are primarily receiving credit through the Simpan Pinjam Perembuan (SPP) group-lending program. This program is managed by UPK (the village level body of the PPK—the World Bank-financed government development program). All villages do not have an SPP. Also, the PPK is not adequately capitalized to support the financing needs of all villages. In Gayam, only three women's groups (accounting for a total of 50 women) are receiving credit from SPP (from the PPK). The women borrowers interviewed stated that there is a great deal of interest; however, the village is permitted a maximum of 30 million IDR for this program. Recognizing the unmet demand, the women's NGO LPPM, with funding from ExxonMobil, established a group lending microfinance program, targeting women in eight villages (Bandung Rejo, Gayam, Ringin Tunggal, Begadon, Brabowan, Bonorejo, Bedek, and Mojodelik). Currently, this program serves 15 groups of 10 clients—only 150 women borrowers. Demand is great. To expand outreach in terms of numbers of clients and geography, the NGO needs funding.

**There is a lack of long-term financing available to micro and small businesses.** To purchase machinery and other large assets, enterprise owners need access to larger, longer term loans. Loans terms that exceed one year are rare. Bank Mandiri, through its guarantee with Mina Laut, provide fisherman with a maximum loan term of three years, to be repaid in three month installments. With such a loan, a fisherman may make large capital investments.

**Informal finance for farm inputs exists at the farmer to farmer level.** In cases where a farmer may not be able to access a bank loan, he will borrow inputs, such as fertilizer, from another farmer in his community. Instead of repaying the farmer in the form of fertilizer, the farmer will repay the loan in cash, after the harvest. This type of loan is usually for three to four months and costs about 40 percent over four months.

**Various government departments and ministries support enterprise development by funding community-level enterprises.** These programs, however, are not coordinated, consistent, or routine. In Mojodelik, a group of ledre makers received a 7.5 million IDR loan from the Department of Industry to start-up and support their operations. This loan is for 2 years, repaid in three-month installments, at an interest rate of 4 percent for two years. The chairwoman of the group put up her land certificate to guarantee this group loan. According to focus group participants in Bebadon, the government supports five villages in this district, under a mandate to assist "left behind villages." For the past three years, the government has provided the poorest households in Bebadon and four other villages with cows and sheep. In year one, 90 Bebadon villagers each received a cow; in year two, they received three sheep each; and in year three, a cow each. Because government programs are financially unsustainable, communities should not rely on them as their primary source of finance. It is critical that community members establish relationships with institutions and programs that will reliably provide financial services into the future.

**Local businesses want to supply goods and services to MCL, but are unclear as to how to go about it.** Business owners are concerned about being left out of the procurement process and that other firms from Jakarta, Surabaya, and Semarang will receive the MCL contracts. The head of the Chamber of Commerce in Bojonegoro expressed that businesses are unclear about ExxonMobil's procurement requirements and procedures and they are concerned that they may

not possess the skills needed to meet MCL's requirements. The chambers of commerce and industry associations (of which there are at least 9 in Bojenegoro alone) are good entry points to organizing and providing technical assistance to the potential MCL suppliers so that they gain a better understanding of the requirements and processes and receive the necessary support to allow them to comply.

**Although capacity to meet MCL's procurement requirements is currently weak, there is potential that, with some technical assistance and a loan guarantee, local businesses could meet these requirements.** Raw materials that can be used in construction that are available in Blora, Bojonegoro, and Tuban include red brick, wood (teak and mahogany), and limestone. However a key construction material, cement is produced by Gresik Portland Semen outside of this area—in the Gresik Regency. Others in Blora, Bojonegoro, and Tuban that can supply services to MCL are: electricians, medical suppliers (such as nurses), catering companies, security organizations, and labor contractors. It is important to note that most of these enterprises do not exist at the village level, but rather in and around the urban centers. However, given that support for local businesses is an aspiration mentioned by people in both urban and rural areas, ExxonMobil must do everything in its power to include local businesses. Furthermore, these local businesses would be able to absorb some of the excess labor and boost the general economy of the area.

Businesses are unable to access sufficient bank financing. Construction business owners report that banks will only provide 30 percent of the value of the project to be financed, forcing the business owner to find the 70 percent elsewhere prior to project start. The general feeling is that banks disburse smaller than requested loan amounts because the level of economic growth in the area is low, making construction projects potentially risky. Loan guarantees and proof of forward contracts from MCL could be the right incentives to encourage banks to lend to these businesses.

**There is an opportunity to leverage USAID's presence and experience in East Java with regards to value-chain development in non-agricultural sectors.** On behalf of USAID, DAI manages a small business support project, SENADA, which aims to promote competitive small and medium enterprises (SMEs) throughout Indonesia. In Surabaya, SENADA operates a Regional Competitiveness Center for East Java. One of the major value chains supported through this project is the furniture value chain. Given the importance of furniture-making to the economy of this area, ExxonMobil can work to improve the livelihoods of the furniture makers in this area by linking them into the SENEDA project activities.

# Improving Community Livelihoods Through Microfinance & Enterprise Development

The specialist developed the following initiatives as a way to mitigate some of the constraints to financial services provision and enterprise development identified during the assessment phase. On the finance side, these initiatives will:

- Increase access to finance for women entrepreneurs;

- Bridge the gap between small, group loans provided at the community level and formal finance offered by banks; and

- Increase the amount of credit and improve the credit products available at the community level.

On the enterprise development side, these initiatives will:

- Encourage group formation and business idea generation at the community level, including youth that may be interested in starting businesses;

- Improve access to information about ExxonMobil procurement processes and requirements and access to training necessary to comply with these processes and requirements; and

- Support the development of key non-agriculture value chains, such as furniture, through partnerships with other projects

## INITIATIVE 1: INCREASE ACCESS TO FINANCE FOR WOMEN ENTREPRENEURS BY FURTHER CAPITALIZING LPPM AND PROVIDING STAFF WITH TECHNICAL ASSISTANCE AND TRAINING

Demand for microfinance by women in the communities exceeds supply. Limited access to credit constrains women's ability to take advantage of income-generating opportunities. Currently, no more than 150 women in the Tier I villages access loans through LPPM, an NGO-run microfinance program targeting women. By capitalizing LPPM and providing its staff with appropriate technical assistance and training, ExxonMobil can ensure that this institution is better positioned to meet demand from women in priority communities. Successful program expansion depends upon a strong institutional foundation.

Before providing any funding for either capitalization or operational support, we recommend starting with a technical assistance program with the following components:

- **Increase marketing and outreach.** Each credit officer should be able to handle several groups of clients. At present, the program lends only to a total of 150 women. The staff to client ratio (a measure of operational efficiency) is too high, with all 5 NGO staff assigned to the credit program. Ideally, an organization providing group loans in rural and peri-urban areas should attain a ratio of 200 clients per loan officer. Because the SPP is unable to meet current demand, LPPM could fill this gap.

- **Clarify job functions.** At present, the job functions for the staff are unclear. The director, treasurer, and secretary all serve as part-time credit officers.

- **Separate financial record keeping for the loan program from that of the education program.** It is important that, as a financial service provider, the institution keep separate records for the financial program, in order to better track the program's financial sustainability. Cost and income streams must be kept separate from those of the education program. A simple Excel spreadsheet is all that is required. A simple internal controls process should be implemented as well.

- **Refine product offerings.** Most women are using their loans for working capital for high turnover operations. The one-year loan cycle may need to be shortened to better reflect the business cycle. Also, women are unable to borrow larger loan sizes. The institution should explore adding a graduated group loan product, allowing women to receive loans of increasing sizes at the start of each new loan cycle.

- **Develop a business plan and financial projections.** Changing loan product size and term and adding new clients will have an impact on the liquidity and capitalization of the institution. *MicroFin* can be used to analyze the impact of the various changes on the portfolio, liquidity, and sustainability of the institution.

An Indonesian microfinance expert, paired with short-term assistance from an international microfinance specialist, will oversee initial training and provide the technical assistance during start up and early implementation phases. Subsequent support and technical assistance can thereafter be provided on an as-needed-basis.

During the first year, initiative activities should focus on building the capacity of the institution, starting with an institutional diagnostic and work plan development and followed by the development of a business plan and financial projections. To determine the amount of capitalization and operational support (and the funding tranches), the business plan and financial projections must first be completed. It is anticipated that the institution would be ready to receive its first tranche of loan capital at the start of year two.

The results of this initiative will be measured with the following indicators:

- Number of female borrowers

- Total value of loans outstanding

- Number villages served by the institution

- Number of staff to number of clients ratio

- Portfolio at risk > 30 days

- Operational self-sufficiency

- Financial self-sufficiency

Using the financial projections, the team will assign benchmark figures to these indicators.

At present, 150 women receive an average loan size of 500,000 IDR (about $50). With an injection of about relatively modest increase in loan capitalization and limited budgetary support for improved institutional and operational capacity, will serve as many as 3,000 new clients.

## INITIATIVE 2: IMPLEMENT A LOAN GUARANTEE PROGRAM WITH BANK MANDIRI TO HELP BRIDGE THE GAP BETWEEN COMMUNITY-LEVEL FINANCE AND BANK FINANCE

Many villagers are unable to receive large enough loans to meet their real business needs. The group lending programs are not conducive to larger individual loans, and stringent collateral requirements prevent many borrowers from accessing formal finance. A loan guarantee program will encourage commercial banks to provide longer term loans to borrowers that may not meet the banks' collateral requirements.

Given Bank Mandiri's willingness to work with corporate partners, previous positive experience with guarantee programs, good reputation and strong institutional capacity, it is a solid partner for the guarantee program. (Bank Rakyat Indonesia, who has the largest branch network, has not

had success with guarantee programs.) Currently, Bank Mandiri has a guarantee with Mina Laut, a fishing company in Turban, to guarantee the loans the bank makes to fishermen and suppliers in the area.[4]

To set up a similar loan guarantee fund, a portion of the loan amount would be deposited at Bank Mandiri as proof of the guarantee. In the event that a borrower fails to repay the loan, Bank Mandiri will access this guarantee fund to repay the loan amount in default. For this initiative to succeed, community members must not view is as an ExxonMobil sponsored grant program, but rather as money borrowed from Bank Mandiri. It would be better for ExxonMobil or MCL not to publicize the guarantee program but rather communicate that it is facilitating access to credit for eligible borrowers through commercial lending institutions to contribute to economic opportunities.

Bank Mandiri will need to follow good credit analysis procedures. It will be even more important that Bank Mandiri staff examine and analyze business feasibility and cash flow potential to determine the size and term of the loan. To cover the costs associated with loan administration, Bank Mandiri will charge borrowers a competitive interest rate.

As a first step toward setting up this guarantee, market study should be conducted to determine real demand and to inform the specific types of loan products supported by this initiative and further define lending criteria. Bank Mandiri, ExxonMobil, and the implementing partner would need to agree upon the range of loan sizes, term length, repayment schedules, interest rates, guarantee amount (as a percentage of loan amount), and the eligibility requirements for beneficiaries.

It is anticipated, for example, that small businesses in the region that have the potential for supplying goods and services to ExxonMobil may need access to bank finance. In addition, small businesses and farmers needing access to larger loans may be able to access this fund. Furthermore, should the agricultural cooperative started as part of a buffer zone initiative need financing, it could use this avenue. (At present, no commercial banks lend to agricultural cooperatives, which are seen as high risk.)

As a result of this initiative, more small business owners will gain access to formal finance, and commercial banks will gain a better understanding about the real risks associated with lending to this group and how better to mitigate these risks. The following indicators will be used to measure the impact of this initiative:

- Number of loans made to small businesses

- Total value of loans outstanding

- Portfolio at risk > 30 days (non-performing loans)

One true measure of the initiative impact will be the willingness of the bank to continue to lend to the target population after the loan guarantee program has ended.

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[4] The maximum loan amount is 20 million IDR over a maximum loan term of three years, repaid at three-month intervals. Interest charged on these loans is low, with 6 percent per year charged on a 10 million IDR loan and 8 percent per year on 20 million IDR. Through this guarantee, 1.2 billion IDR is available to these borrowers. Sixty borrowers are participating.

# INITIATIVE 3: PARTNER WITH THE PPK TO INCREASE THE AMOUNT OF CREDIT AND IMPROVE THE CREDIT PRODUCTS AVAILABLE AT THE COMMUNITY LEVEL

Through the Kecamatan Development Project (PPK)—a large, long-term Government of Indonesia/World Bank community-driven development program started in August of 1998, communities plan and implement small-scale infrastructure, irrigation, and microcredit programs. These microcredit programs are about 50-150 million IDR ($50,000-$150,000) per village.

The PPK governance structures and funding channels are already well-established. Funds go from the PPK to the UPK (the sub-district level body responsible for managing the program at the village level) to the villages, based upon the quality of the proposals submitted by the villages to the UPK.

To boost economic development within the communities, consideration should be given to partnering with the PPK to:

- **Provide each community with additional capital** (depending upon community demand). These communities, which range in size from 1,300 villagers to over 6,000 villagers, need access to credit. The 50-150 million IDR limit is not sufficiently large to meet all funding requests.

- **Assist UPK leadership to adapt credit products** to allow villagers to receive loans of slightly larger amounts and at different loan terms. It is important to note that the UPK is not a financial institution, but rather a community managed credit program. The individuals tasked with managing the microcredit fund do not necessarily possess the skills required to analyze, evaluate, and adapt loan products to the real needs of the borrowers. ExxonMobil can support technical assistance to the UPK to improve the products available.

- **Develop strategy to transfer the credit portfolio to an MFI or other community-based institution** by the end of the PPK contract. The PPK is not a permanent, long-term solution to credit provision (because it is a project rather than an institution). However, at present, the PPK serves a vital purpose, providing the only source of credit to some villagers. The Community Development Program should provide technical assistance to explore ways in which to make the PPK microcredit programs sustainable more sustainable beyond 2009 (when PPK ends), either by transferring the portfolio to an existing MFI or by institutionalizing the PPK-funded microcredit programs.

The following indicators will be used to measure the impact of this initiative:

- Number of clients receiving financing through the PPK

- Total value of loans outstanding

- Portfolio at risk > 30 days (non-performing loans)

This initiative will be managed by two Indonesian microfinance experts paired with short-term assistance from an international microfinance specialist.

## INITIATIVE 4: ENCOURAGE GROUP FORMATION AND BUSINESS IDEA GENERATION AT THE COMMUNITY LEVEL, INCLUDING YOUTH THAT MAY BE INTERESTED IN STARTING BUSINESSES

To spur economic growth at the village level, ExxonMobil should support training, technical assistance and where appropriate grant assistance to encourage group formation and business idea generation. An enterprise development specialist will work at the village level, focusing first on the Tier I villages most directly affected by the drilling and processing facility. This enterprise development specialist will help villagers assess potential income generating opportunities, improve current business operations, form borrower groups, and submit proposals to the UPK/PPK or the LPPM for financing. In those cases where businesses require individual, larger loans, the enterprise development specialist will refer the business owner to other financial service providers, such as BRI and Bank Mandiri.

In Mojodelik, a group of 50 households produces ledre, which is packaged and distributed by an agent in Bojonegoro. With assistance from the enterprise development specialist and additional financing, this group can package and distribute its own project, thereby increasing sustainable income-generating capacity. Currently, an agent purchases the ledre at 1500 IDR per package of 15 and then sells the ledre at 4000 IDR to a store. The store sells the ledre at 5000 IDR.

Activities falling within this initiative will be managed by an Indonesian enterprise development expert paired with short-term technical assistance from an international consultant. The Indonesian enterprise development expert will be full-time during the first two years of the initiative. During the remaining three years, s/he will provide technical assistance on an as-needed-basis.

The following indicators will be used to measure the impact of this initiative:

- Number of community members running income-generating activities

- Number of youth involved in enterprises

- Number of enterprise groups accessing financing

## INITIATIVE 5: IMPROVE ACCESS TO INFORMATION ABOUT EXXONMOBIL PROCUREMENT PROCESSES AND REQUIREMENTS AND ACCESS TO TRAINING NECESSARY TO COMPLY WITH THESE PROCESSES AND REQUIREMENTS

ExxonMobil possesses stringent requirements for all its contractors, vendors, and suppliers. According to the Chairman and Vice-Chairman of the Bojonegoro Chamber of Commerce, businesses in the area are very interested in supplying goods and services to ExxonMobil, specifically with regards to construction services. Repeatedly, they emphasized, however, that business owners are unclear about 1) the types of goods and services ExxonMobil will need; 2) the qualifications they will need to meet in order to do business with ExxonMobil; and 3) the process by which they can explore opportunities with ExxonMobil.

Because local expectations are that MCL's operations will provide job and economic growth opportunities in the Cepu area, it is critical that local businesses and enterprises are aware of

appropriate opportunities and are ideally provided some assistance to respond to these opportunities. Such assistance would contribute considerable goodwill among local stakeholders and help mitigate tensions about external firms gaining all the benefits. In conjunction with the local chambers of commerce, the Community Development Program should organize workshops for SMEs on the company's procurement requirements and guidelines. Companies interested in pursuing the opportunity to supply MCL with suitable goods and services should be considered preferred candidates to receive targeted technical assistance from the Sub-Regional Competitiveness Center (RCC) to be established in Bojonegoro (described in Initiative 6).

The Chambers of Commerce in Bojonegoro, Tuban, and Blora and the trade associations (which fall under the umbrella of the chambers of commerce) are poorly organized and unable to share information with area businesses on a timely basis. An enterprise development consultant should work with them to build their capacity, and to improve their information sharing and other relevant services to existing and emerging businesses in the region.

This initiative will go along way to improving goodwill between area businesses and MCL in the area. Also as a result of this initiative (and initiative 6), more local small business owners will contract with MCL, improving economic growth in the area and adding to cost reduction for MCL for goods and services procured locally.

The following indicators will be used to measure the impact of this initiative:

• Number of local firms supplying goods and services to ExxonMobil

• Number of local firm contracts with ExxonMobil

• Total value of the local SME contracts with ExxonMobil

This initiative will be managed by an Indonesian enterprise development expert paired with short-term assistance from an international consultant.


## INITIATIVE 6: SUPPORT THE DEVELOPMENT OF KEY NON-AGRICULTURAL SMALL AND MEDIUM-SIZED ENTERPRISES (SMES) BY ESTABLISHING A SUB-REGIONAL COMPETITIVENESS CENTER

DAI, through the USAID-funded SENADA project, has developed a successful approach to supporting Indonesian SMEs by providing direct technical assistance to local firms through Regional Competitiveness Centers (RCC). The RCCs, staffed with business development specialists, offer a full set of business consulting services. USAID/SENADA currently operates five RCCs in Bandung, Jakarta, Semarang, Surabaya, and Medan. An opportunity exists to leverage this experience and replicate this successful approach in Bojonegoro. A Sub-Regional Competitiveness Center (S-RCC) can be funded by ExxonMobile, USAID, or by both in tandem.

One key role of this S-RCC would be to provide SMEs with technical assistance on how to contract with ExxonMobil. The S-RCC could also be engaged in vetting SMEs to determine existing and potential capacity as sources for MCL required goods and services. This S-RCC could also support innovation among enterprises in the region through a grant fund. Eligible activities could include: experimentation with new products and services; enterprises that increase local productive capacity and jobs through expanded value chains; information systems and communications; as well as other systematic improvements in collecting and acting upon

market intelligence, and communications, public relations, and marketing activities that contribute to economic development in the Cepu area. Attachment E includes description of the "Innovation Fund" which could be used to achieve the above referenced objectives.

The following indicators will be used to measure the impact of this initiative:

- Number of SMEs accessing RCC services

-  percent increase in revenue of supported SMEs

- Number of SMEs providing services and goods to ExxonMobil

- Value of the area SME contracts with ExxonMobil

# WORK PLAN FOR MICROFINANCE AND SME DEVELOPMENT COMPONENT

| Microfinance/SME Initiative Tasks | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | Year 2 (Qtr 1, 2) | Year 2 (Qtr 3, 4) | Year 3 | Year 4 |
|---|---|---|---|---|---|---|---|---|
| **Initiative 1: Increase access to finance for women entrepreneurs through LPPM** | | | | | | | | |
| Provide technical assistance to LPPM staff | ——— | ——— | ——— | ——— | ——— | ———— | —- | —- |
| Capitalize LPPM (based on financial projections and business plan) | | | | | ——— | ——— | ——— | |
| **Initiative 2: Implement a loan guarantee program with Bank Mandiri** | | | | | | | | |
| Conduct market study to determine real demand and to inform loan products | ——— | | | | | | | |
| Negotiate guarantee agreement with Bank Mandiri | | ——— | | | | | | |
| Market guarantee program to target clients | | | ——— | ——— | | ——— | ——— | ——— |
| Implement guarantee program | | | ——— | ——— | ——— | ——— | ——— | ——— |
| **Initiative 3: Partner with the PPK to increase the amount of credit and improve the credit products available at the community level** | | | | | | | | |
| Provide communities with capital | ——— | ——— | ——— | ——— | | | | |
| Assist UPK leadership to adapt credit products | ——— | ——— | ——— | ——— | | | | |
| Develop strategy to transfer the credit portfolio to an MFI or other institution | | | | | ——— | ——— | ——— | ——— |
| **Initiative 4: Encourage group formation and business idea generation at the community level** | | | | | | | | |
| Assess income generating opportunities, form groups, and submit proposals for financing. | ——— | ——— | ——— | ——— | ——— | —- —- —- | —- —- | —- —- |
| **Initiative 5: Improve access to information about ExxonMobil procurement processes and requirements and access to training necessary to comply with these processes and requirements** | | | | | | | | |
| Organize workshops for SMEs on procurement requirements and guidelines | ——— | ——— | ——— | ——— | | | | |
| Build capacity of Chamber of Commerce | ——— | ——— | ——— | ——— | ——— | ———— | | |
| **Initiative 6: Partner with USAID's SENADA project to support the development of key non-agricultural small and medium-sized enterprises (SMEs)** | | | | | | | | |
| Establish RCC in Bojonegoro | | ——— | ——— | | | | | |
| Assist SMEs through RCC | | ——— | ——— | ——— | ——— | ——— | ——— | ——— |

# Attachment A: Primary and Secondary Information Sources

## PRIMARY SOURCES

### VILLAGE LEADERS (INCLUDES HEADS OF VILLAGE AND OTHERS)

| Name | Village | Position/ Contact Information |
|---|---|---|
| Prihadi | Brabowan | Village Head, 0353-7724816 |
| Pudi Harto | Brabowan | Agricultural Field Officer, 088230135155 |
| Pujiono | Gayam | Second Chairman of SEMAR, 085235037471 |
| Sugiono | Brabowan | Chairman, Koperasi HSBU; Secretary, Forkomas Baja; 081330366340 |
| Soekirno | Mojodelik | Chairman, Village farmer organization, 081332913099 |
| Tcitik Hernadi | Mojodelik | Village Midwife, 081332913099 |
| Suparno | Bonorejo | Village Official |
| Rachmad Aksam | Bonorejo | Village Head |
| Towo Rahadi | Ngraho | Village Head |
| Hariyono | Bebadon | Village Head, 08125960271 |
| Adi Laskuri | Katur | Village Head, 08123439597 |
| Parmani | Brabowan | Chairman, Forkomas Baja, 081332343429 |
| Mugito | Gayam | Journalist, 081335769942 |

### COMMUNITY-BASED ORGANIZATIONS

| Organization | Contact Person | Contact Information |
|---|---|---|
| Koperasi Niaga Sarana Banyu Urip (NSBU) | Sugiono | Gayam, 081330366340 |
| Forkomas Baja | Parmani, Sugiono, Secretary | Brabowan, 081332343429 |
| SEMAR | Rakman Aksan, President; Pujiono, Second Chairman | Pujiono, 085235037471 |
| PKK (Women's organization found in each village) | Ibu Sabar in Padangan | N/A |

## NON-GOVERNMENTAL AND GOVERNMENTAL ORGANIZATIONS

| Organization | Contact Person | Contact Information |
|---|---|---|
| PKPU—NGO | Tomy Hendrajah | Jl. Condet Raya No. 27 G Jak-Tim (021) 87780015 |
| Lembaga Penguatan Perempuan Mandiri (LP2M)—NGO | Damiasri, Treasurer | Jl. Raya Berabowan No. 2, Gayam, 0353511740 Lp2mbojonegoro@telkom.net |
| Program Pengembangan Kecamatan (PPK)—Parastatal, funded by World Bank | Soekirno, District Treasurer | Mojodelik, 081332913099 |
| Domet Duafa (PKPU local partner)-NGO | Ali (director), Soberi (microfinance program representative) | Jl. Dewi Sartiko 83, Bojonegoro 081-331-028422 0353-7719678 |
| Fatayat Muslimat (N.U.), women's religious organization that runs women's credit program for the PPK | Ibu Ngatiru, Leader | Gayam |
| Chamber of Commerce—Bojonegoro | Purwono, Chairman | Jl. Panglima Polim 25, Bojonegoro 0353-883810 |
| Chamber of Commerce—Bojonegoro | Haji Sudarto, Vice Chairman | Jl. Monginsidi, No. 122, Bojonegoro 0353-885920 |

## FINANCIAL INSTITUTIONS

| Institution | Contact Person | Contact Information |
|---|---|---|
| Bank Mandiri | Nurmanthias Bachtiar, Branch Manager; Manan, Assistant Branch Manager | Jl. Panglima Surdirman, No. 107-109, Bojonegoro 0353-892110 bankmandiri@bojonegoro.co.id |
| Bank Rakyat Indonesia (BRI) | Murtejo, Head of Bojenegoro Branch | Jl. DI. Pangaitom No. 6, Bojonegoro, 0353-889426 |
| Bank Negara Indonesia | Yudi, Bojenegoro Branch Manager | Jl. Pemuda No. 76, Bojonegoro 0291-421656 |
| BMT Amanah | Soberi (committee member) | Jl. Letda Suraji 75, Bojonegoro |
| BMT Insan Cendekia | Soberi (committee member) | Jl. Cendekia No. 22, Bojonegoro |
| BMT Insan Kamil | Soberi (committee member) | Jl. Bridgen Sutoyo, Bojonegoro |
| BMT Insan Cita | Soberi (committee member) | Jl. Setiobudi, No.2, Bojonegoro |
| BMT KJKS AKAS | Soberi (committee member) | Jl. Ade Irma Suryani, No. 66, Bojonegoro |
| Mitra Usaha (financial cooperative) | (Spoke to borrower) | Jl. Gajahmada |
| Arta Rejo (financial cooperative) | (Spoke to borrower) | Jl. Raya Surabya Kalitidu |
| Citra Abadi (financial cooperative) | (Spoke to borrower) | Jl. Utung Suprapto |
| Karya Agung (financial cooperative) | (Spoke to borrower) | Jl. Gajah Mada |

## INDUSTRY INTERVIEW AND FOCUS GROUP PARTICIPANTS

| Name | Gender | Occupation | Village |
|---|---|---|---|
| Suwandi | Male | Poultry raising, rice farming | Brabowan |
| Sutrisno | Male | Teacher | Brabowan |
| Parmani | Male | Animal husbandry, rice farming | Brabowan |
| Sugiono | Male | Animal husbandry, rice farming | Brabowan |
| Pudiharto | Male | Animal husbandry, rice farming | Brabowan |
| N/A | Female | Ledre | Mojodelik |
| N/A | Female | Ledre | Mojodelik |
| N/A | Female | Ledre | Mojodelik |
| N/A | Female | Tempeh, ice cream, small shop | Mojodelik |
| Tejo | Male | Red brick maker, contract construction | Pandagan |
| Sabar | Female | Ledre | Pandagan |
| Warni | Female | Ledre | Pandagan |
| Darmini | Female | Ledre | Pandagan |
| Pariyem | Female | Ledre | Pandagan |
| Kris | Female | Ledre | Pandagan |
| Cici | Female | Ledre | Pandagan |
| Sarminah | Female | Ledre | Pandagan |
| Pugiono | Male | Rice | Gayam |
| Susila | Male | Rice, soybean, corn, green beans | Gayam |
| Sucioto | Male | Rice | Gayam |
| Ngatino | Female | Meatballs | Gayam |
| Muamanah | Female | Seamstress | Gayam |
| Anis Musthafa | Male | Furniture maker | Bandar |
| Duriyanto | Male | Animal husbandry | Bebadon |
| Heriyonto | Male | Shop owner | Bebadon |
| Maimun | Male | Rice, soybeans, animal husbandry | Bebadon |
| Muhbisri | Male | Rice, soybeans, animal husbandry | Bebadon |
| Sunandar | Male | Rice, soybeans, animal husbandry | Bebadon |
| Martono | Male | Animal husbandry | Bebadon |
| Heri Kiswanto | Male | Rice, animal husbandry | Bebadon |
| Nar jan | Male | Rice, shop owner | Bebadon |
| Sakiran | Male | Rice | Bebadon |
| Waris | Male | Rice, soybeans | Bebadon |
| Purwono | Male | Construction services | Bojonegoro |
| N/A (Group of 12 Fisherman) | Male | Fisherman (sardines) | Lugung and Karagagung |
| N/A (2 women) | Women | Dried fish products; shrimp paste | Lugung and Karagagung |

## SECONDARY SOURCES

Final Report of Public Consultation for the BUDP Plan, conducted by the University of Airlangga

"Economic Benefits Study: Banyu Urip Development Project," compiled by Lembaga Penyelidikan Ekonomi dan Masyarakat Fakultas Ekonomi Universitas Indonesia (LPEM-FEUI) on behalf of APCO Indonesia, October 2003

Human Resources Assessment/ Diagnostic Review, Bojonegoro, conducted by CLGI

Company Profile, Forkomas Baja (local NGO), Brabowan

Company Profile, Koperasi Serba Usaha "Niaga Sarana Banyu Urip," Brabowan

Maps of ExxonMobil/MCL Operational Areas, generated by Development Alternatives, Inc.

"Getting Community Relations Right: Lessons Learned from Investors in Indonesia," Brooks Bower Asia, July 10, 2006

Bojonegoro Dalam Angka (Bojonegoro in Figures) 2005/2006, Division of Regional Account and Statistical Analysis, Katalog BPS: 1403.3522

"Nota Kesepakatan Bersama antara Pemerintah Kabupaten Bojonegoro dengan Dewan Perwakilan Rakyat Daerah Kabupaten Bojonegoro tentang Prioritas Plafon Anggaran Sementara (PPAS) Anggaran Pendapatan Dan Belanja Daerah Kabupaten Bojonegoro Tahun 2007," Pemerintha Kabupaten Bojonegoro, Tahun 2006.

Proposal Program Infrastruktur Desa, Pengembangan Wilayah Banyu Urip-Jambaran, Ngasem-Kalitidu (Bojonegoro) compiled by Brabowan, Mojodelik, Bonorejo, Katur, Gayam, Sudu, Ringintunggal, Begadon, and Ngraho.

# Attachment B: Financial Service Providers

| Institution/ Organization | Loan Program Characteristics | Institutional Capacity Considerations |
|---|---|---|
| **Community-Based Organizations** | | |
| Unit Ekonomik Produktif (UEP) | Village-level, informal, group credit program for men; groups generally consist of 10 participants; 6 month loan term; maximum loan is 1 million IDR per member; group members guarantee the loan; interest rate about 3% per month | Prevalent in many villages; limited capital, dependent upon PPK funding; managed by the UPK at the village level and the PPK at the district level; application process is clear (albeit slow) |
| Simpan Pinjam Perembuan | Village-level, informal, group credit program for women; groups generally consist of 10 – 20 women; loans range from 5 million to 10 million and are divided among the group members; loans repaid monthly over a 12 month period; group members guarantee the loan; interest rate about 3% per month | Prevalent in many villages; limited capital, dependent upon PPK funding; managed by the UPK at the village level and the PPK at the district level; application process is clear (albeit slow) |
| Arisans | Informal loan and savings schemes run by women; credit amounts are small; women take turns receiving the funds collected from all members; funds are typically used for consumption rather than for business inputs and investment | Limited capacity; limited potential outreach; informal structure |
| Baitul Mal Wat Tamwil (BMT) | Shariah-based savings and loan organizations; borrowers must be members of the BMT; offer 2 loan terms, 12 months and 24 months; all loans repaid monthly; no interest, instead the borrower and lender agree upon the profit share before loan is disbursed; the riskier the business the greater the profit share (start-ups generally split profits 50-50 with BMT); loans greater than 1 million require a guarantee (generally a motorcycle ownership title); BMTs require savings of 10,000/month/member and collect voluntary savings | Limited outreach in village areas; each BMT serves a fairly homogeneous group; to form a BMT requires at least 21 founders, each supplying 2 million in capital; revenue difficult to predict, given that it is dependent upon borrower profitability |
| **Non-Governmental Organizations** | | |
| Domet Duafa (PKPU) | Loan program managed by 5 separate BMT, with each BMT operating in different communities; each BMT is financially sustainable and not supported by the NGO | Provides little or no support for BMT formation and development |

| Institution/ Organization | Loan Program Characteristics | Institutional Capacity Considerations |
|---|---|---|
| Lembaga Penguatan Perempuan Mandiri (LP2M) | NGO-run microfinance program targeting women; group based lending; currently serving 15 groups of 10 women from 8 villages; loan term is 1 year; repaid monthly; all groups receive loans of 5 million IDR, divided among members; interest is 1.5% per month | Start-up funding from Exxon-Mobil in the amount of 100 million IDR; well-organized and run by educated, capable, and committed women; lacking in microfinance skills training; limited capital (which limits program expansion into additional villages); good potential outreach (high demand for services) |
| **Financial Cooperatives** | | |
| Mitra Usaha | Individual loans; six-month loan term; maximum loan size is 3 million IDR; motorcycle serves as collateral; interest is approximately 3.5% per month; repayment made monthly | Adequate capitalization; efficient loan processing; urban office location; low maximum loan amounts; limited geographic outreach; unregulated |
| Arta Rejo | Individual loans; 4 month, 6 month, and 1 year loan term; maximum loan is 4 million with a new motorcycle (post 2001 purchase) as collateral; maximum loan is 2 million with collateral of a motorcycle purchased prior to 2001; interest is 2.7% per month; interest payments made each month, with the principal due only at the end of the loan term | Adequate capitalization; efficient loan processing; urban office location; low maximum loan amounts; limited geographic outreach; unregulated |
| Citra Abadi | Individual loans; six-month loan term; maximum loan size is 3 million IDR; motorcycle serves as collateral; interest is approximately 3.5% per month; repayment made monthly | Adequate capitalization; efficient loan processing; urban office location; low maximum loan amounts; limited geographic outreach; unregulated |
| Karya Aguing | Individual loans; six-month loan term; maximum loan size is 3 million IDR; motorcycle serves as collateral; interest is approximately 3.5% per month; repayment made monthly | Adequate capitalization; efficient loan processing; urban office location; low maximum loan amounts; limited geographic outreach; unregulated |
| **Banks** | | |
| Bank Rakyat Indonesia (BRI) | Individual loans (will not lend to cooperatives); bank units permitted to issue loans up to 100 million IDR without branch approval; collateral required (in the form of a land certificate or letter from the village stating land ownership) but lending is based on personal references, experience of the bank with the borrower, and business viability/cash flow; interest rate is 1-2% depending upon the value of the collateral and the performance of the business | Regulated; excellent geographic coverage (many villagers listed BRI as a source of capital); 21 bank units under the Bojonegoro branch bank; strong human resources and financial management (non-performing loans are about 2% at the branch level and 3% at the unit level); regulated; limited success with guarantee |

| Institution/ Organization | Loan Program Characteristics | Institutional Capacity Considerations |
|---|---|---|
| | | programs |
| Bank Mandiri | Individual loans in the amount of 1-100 million IDR; do not lend to cooperatives; to achieve greater outreach, provides wholesale financing to 4 BPR who on-lend to microentrepreneurs (this program is operated in conjunction with the Asian Development Bank); collateral is required but lending is based on personal references, experience of the bank with the borrower, and business viability/cash flow; interest rate is 1.5–2% depending upon credit history; monthly loan repayment (unless loan is made through the Mina Laut guarantee program, in which case it is repaid every 3 months) | Regulated; good geographic coverage; partners with 4 BPR in order to achieve greater outreach to village-level clients; strong human resources; good financial performance; good risk management practices; experience at partnering with international/national organizations, such as the Asian Development Bank and Mina Laut (an Indonesia fishing company); flexible/willing to develop special lending programs with partners, ie. operates successful guarantee program with Mina Laut |
| Bank Perkreditan Rakyat (BPR) | Individual loans; small amounts, generally in the amounts of 2-4 million IDR | Localized outreach; BPR are only permitted to lend in a particular district; not all BPR are legally registered entities; good relationships with clients; level of institutional capacity varies |
| Bank Negara Indonesia | Offer small individual loans, primarily for operations/working capital; disburse few agricultural loans; small loans are defined as loans less than 100 million; monthly repayment (not conducive to agricultural lending); generally require 100% collateralization; interest rate is about 1% per month | Regulated; offer limited small loans, because they believe the cost of managing small loans are too high (and are more difficult to manage) |

# Attachment C: Bank Rakyat Indonesia (BRI) Units in Bojonegoro

| BRI Branch Unit Name | Telephone | Address |
|---|---|---|
| Baureno | 0322-453544 | Jl. Raya Baureno 223 |
| Kepohbaru | 0353-311024 | Jl. Raya Nglumber Rt.02 RW.01 |
| Kedungadem | 0353-351060 | Jl. Ronggolawe 425 Rt.13 RW.02 |
| Sumberrejo | 0353-331943 | Jl. Raya Sumuragung 126 |
| Balen | 0353-331260 | Jl. Raya Balenrejo 68 Rt.04 RW.01 |
| Sugihwaras | 0353-391051 | Jl. Raya Sugihwaras 217 |
| Kapas | 0353-883705 | Jl. Raya Kapas No. 32 Rt.15 RW.02 |
| Bojonegoro | 0353-882132 | Jl. Untung Suropati No. 100 |
| Dander | 0353-887056 | Jl. Hos Cokroaminoto 02 Rt.13 RW.03 |
| Kalitidu | 0353-511344 | Jl. Raya Kalitidu Rt.07 RW.01 |
| Padangan | 0353-551227 | Jl. Raya Padangan 06 Rt.14 RW.04 |
| Ngraho | 0353-591060 | Jl. Raya Kalirejo Rt.07 RW.02 |
| Margoagung | 0353-7708454 | Jl. Pasar Baru Sroyo 05 |
| Trunojoyo | 0353-882366 | Jl. Akpbm Suroko No. 10 |
| Banjarejo | 0353-883701 | Jl. Ja. Suprapto No. 118 |
| Tambakrejo | 0353-571027 | Jl. Raya Sukorejo Rt.03 RW.01 |
| Ngassem | 0353-411096 | Jl. Kayangan Api No. 03 Rt.06 RW.02 |
| Kasiman | 0353-531048 | Jl. Ronggolawe 170 |
| Kanor | 081554791834 | Jl. Tambahrejo 83 |
| Temayang | 0353-7708455 | Jl. Pahlawan 272 Rt.06 RW.03 |
| Bungkal | 0353-7708456 | Jl. Waringin 866 |

# Attachment D: Registered BPR in Bojonegoro and Tuban

| BPR Name | District | Address |
|---|---|---|
| PD BPR BP Kab. Dati H Bojonegoro | | Jl. KH Hasyim Asy'ari No.1 |
| PT BPR Bojonegoro Suryapersada (BBKU) | Kapas | Jl. A. Yani No. 14 |
| PT BPR Charis Utama | Jatirogo | Jl. Raya Barat No. 9, Desa Watsogo |
| PT BPR Mentari Terang | Semanding | Jl. Gajah Mada No. 32 C |
| PT BPR Rajekwesi | Sumberrejo | Jl. Raya Sumberrejo, Desa Sumberrejo 015 |
| PT BPR Tanah Kondang | Sumberrejo | Jl. Raya Sumberrejo No. 467 |
| Kop. BPR Semanding | Semanding | Jl. Hayam Wuruk No. 59 |
| PT BPR Delta Bojonegoro | Baureno | Jl. Raya Baureno No. 47 A |

# Attachment E: Innovation Fund

## 1. OBJECTIVE AND BRIEF DESCRIPTION OF THE FUND

Given the size of Indonesia's economy, a program consisting of $1 million in grant funds for competitiveness must be highly focused. Otherwise, its impact will be too diffuse to achieve anything significant. The grants program must be designed in a way that leverages other resources and that generates positive change in proportions exponentially greater than the amounts of the grants themselves. Assuming an average grant of $30,000, the entire three year program will finance up to 33 grants. This is a modest number of grants; therefore, the potential impact of winning proposals on competitiveness should be substantial.

The "SME Industry Innovation Fund" will provide grants to diverse institutions, including private companies, NGOs and trade associations that are stakeholders in Indonesia's SME sector development. The program is the based on the precept that innovation, more than any other factor, leads to substantial gains in competitiveness. As globalization continues, barriers to trade fall and national comparative advantages fade. This is especially true in Southeast Asia, where Indonesia's neighbors are undergoing systematic improvements in their competitiveness.

Innovation occurs at many levels and in many ways. Its distinguishing characteristic is that it results in new and better ways to do business. The Fund is meant to be as flexible as possible in an effort to attract a wide spectrum of innovations. The most promising of innovation proposals, with the greatest potential impact on SME industries, will be identified and chosen.

Innovation comes with a high level of risk. Therefore, the Fund is designed to support institutions in reducing risks involved with new initiatives. The Fund can only be used for implementing "change actions," activities that will directly impact supported industries. Research can only be financed if it is part of a larger activity that culminates in concrete interventions in selected industries.

The Fund finances the costs of pilot programs, start-up activities, tests and selective research. The intention of pilot programs is that the pilots will provide critical information to these institutions required to make informed decisions to continue or expand implementation of innovations. The fund is not designed to finance major expansion or roll-out of new products, services or processes.

The Innovation Fund will not provide grants to individual SMEs. Instead, it will provide grants to companies and organizations whose initiatives can impact on large numbers of SMEs.

## 2. ELIGIBILITY REQUIREMENTS

*Eligible Activities:*
Grant funding will be provided for innovations designed to increase the competitiveness of industry value chains where SME firms are predominant as core producers. The general categories of eligible innovations include:

- The development and implementation of <u>new products and services</u> that increase value for customers and/or that expand customer demand, both domestically and internationally. These products and services can be implemented within individual institutions or within sectors or sub-sectors.

- The development and introduction of improvements in <u>processes, systems or technologies.</u> These may also be carried out on an institution specific level or on a sector or sub-sector level.

- The development and implementation of initiatives to simplify or improve government <u>policies, regulations and norms</u> that negatively affect SME business competitiveness.

- The development and implementation of activities to alter the <u>thinking or behavior</u> of the public or specific target groups in support of industry competitiveness.

The fund does not equate innovation with invention. Inventions are innovations; but innovations can also consist of new ways of doing things for a particular industry and/or in a particular environment. The first-time design and implementation of a new financial service technology by a bank would be an innovation. An effort by a business association to gain broad access to a new European market for its SME members would also qualify as an innovation. Following is an illustrative list of eligible activities:

- Experimentation with new products and services, including the redesign of existing products and services (1),

- Initiatives designed to capture or retain customers (1,2),

- Creation of new business ventures (1),

- Cost reduction activities (2),

- Information systems and communications (1,2),

- Systematic improvements in collecting and acting upon market intelligence (1,2),

- Develop, propose and implement business friendly regulations and norms (3),

- Communications, public relations and/or marketing activities (4),

*Eligible Institutions:*
Eligible recipients include private institutions, profit or not-for-profit that currently participates in industry or agri-business value chains in the Cepu area or plans on doing so. Government institutions will not eligible.

*Eligible Uses of Funding:*

- Services, including but not limited to technical assistance, legal services, marketing, information technology and transport.

- Fixed assets, equipment and materials, including but not limited to computer hardware, software and communications equipment.

*Ineligible Uses of Funding:*

- General administrative costs, such as communications, stationary, travel, or other costs designed to improve general administration.

- Activities designed to increase institutional capital or to acquire financing.

## 3. EVALUATION CRITERIA

Fund proposals will be evaluated on the following criteria:

- *Quality of proposal.* It should be clearly described and well organized. It should demonstrate the institution has considered and planned for all aspects of the activity. The purpose and intended outcome of the innovation should be clearly defined, supported by a conceptual and analytical framework. It address all elements of the Fund guidelines.

- *Institutional capacity.* The company or institution must demonstrate proven experience and capacity to design and implement innovations. A description of past experience is required. The qualifications and experience of all key individuals must be included, as well as a minimum of three years audited financial statements of the institution (if applicable). Qualifying institutions must demonstrate the resources (financial, human or other) to expand and/or sustain proposed innovations.

- *Innovation impact.* The proposal must result in a demonstrable, significant impact in the SME industry. High impact proposals will receive priority.

*Evaluation Committee:*

The Evaluation Committee members will be selected for their personal experience and integrity. Although committee members represent specific institutions, these are not institutional positions. Participation on the committee cannot be delegated except to a pre-designated alternate. Committee representation to be determined:

# Annex V: Agriculture Value Chain Component

## Foreword

On October 2, 2006, the Mobile Cepu Ltd. (MCL) signed a memorandum of understanding (MOU) with the United States Agency for International Development (USAID) to support the design of a strategic development program referred to as the "Cepu Area Community Development Plan". The efforts associated with the design efforts, or Phase I, included a field assessment in the Cepu area. The findings from the field assessment follow in this report. These have helped inform the design, approach and recommended initiatives included in the final report for the Cepu Area Community Development (CACD) Plan. The following findings from the field assessment are included as annexes to the final report the final report, the final deliverable under the Phase I workplan.

In order to discern impact, develop prospective approaches and initiatives and determine relative priorities for the design of a 5-year Community Development Plan, a DAI field assessment team conducted interviews with stakeholders and focus groups in the Cepu area, especially in Bojonegoro and Tuban. Some stakeholders were from areas previously defined by ExxonMobil as likely to be impacted by MCL activities, adjacent areas, and villages along the proposed pipeline route. The team also conducted interviews with control groups situated outside areas of current or anticipated areas of MCL operations.

The assessment and design efforts benefited from reviewing previous reports and studies, including those sponsored by ExxonMobil or MCL. These reports highlighted the background of community relations and development in resource extractive industries in Indonesia, human resource diagnostics, and social economic issues in the CEPU area. Secondary sources also highlighted previous stakeholder expectations, which the assessment team drew upon to discern the extent and degree to which the earlier findings, particularly regarding community perceptions and expectations, remained valid.

The field assessment team focused their efforts in the Bojonegoro and Tuban Regencies of East Java and to a less extent in the Blora Regency of Central Java. The objectives of the team included the identification and analysis of opportunities and challenges to:

1.    Improve livelihoods in the targeted communities of the Cepu Block affected by MCL oil and gas extraction and pipeline construction and maintenance.

2.    Promote gender equity in community activities and ensure benefits to women.

3.    Facilitate good governance.

4.    Incorporate sound environmental practices and promotion of conservation through the community activities undertaken.

5.    Create a process for integrated community-driven community development.

The goals of the team as they related specifically to considerations of agriculture development in the region were echoed by the government officials, farmers, and village representatives working with farmers groups in the Gayam village area. These goals are to:

1.  Mitigate risk of social tension and disgruntlement towards MCL activities in the region.

2.  Facilitate the development of industries in the target area alternative to oil extraction that will provide jobs for the citizens and buffer possible economic and social disparity between MCL workers and the local labor force at large.

3.  Explore employment opportunities for agriculture laborers that could otherwise be displaced by the land acquisition associated with MCL activities.

# Executive Summary

Agriculture development programs should seek to build on current economic capacity in the agriculture and value adding sectors by improving market linkages and introducing new crops and cropping systems. Disbursement of grants in almost any context is counter productive both to the social security of MCL and to the development of the agriculture sector in general. Financing of new and expanded agri-business enterprises should come from the private banking sector with technical support from MCL/DAI agriculture development programs that will both mitigate risk for the banks and expand their investment opportunities.

With this development philosophy in mind, DAI is proposing that MCL consider supporting the implementation of an agriculture program that will consist of three parts to be phased into existence over a three year period. The first phase will be to set the pumping station buffer zone as an income generating operation for the displaced workers from the pumping site. The second will be the establishment of an agri-business development service that links rural enterprise into lucrative markets by providing key services including technical assistance.

The first task of the MCL/DAI agriculture program will be to implement a program that will provide employment for laborers displaced from the 600 hectare oil pumping site acquisition. This will be done by developing a commercial, cooperatively owned enterprise that focuses on the intensive cultivation of the buffer zone in a phased transition from annual to perennial crop cultivation. This enterprise would probably be best set up as a cooperative under Indonesian law with the displaced workers as members. Through the use of irrigation, high value annual crops can be produced for niche markets. Cropping systems will move from annual food crops to cultivation of perennial crops within 24 months that will provide a sound and access barrier to the pumping sites. Through the use of irrigation and smart agriculture systems, it will be possible for a buffer zone with a land area 10% of the size of the previous site to provide the same number of jobs and increased income to displaced workers on the original un-irrigated farming operations.

The second phase of the MCL/DAI agriculture program will be to provide a grazing concession to the workers that are displaced along the pipeline corridor. This has a two fold function. First it will provide a legitimate use for the pipeline corridor that should remain uncultivated while creating a sense of social ownership that will disallow trespassing and squatting on the grassed untilled corridor. Secondly it will provide income to the identified workers that have been fully or partially displaced from the purchased land while providing

much needed grazing ground for cattle and small ruminants. Concessionary arrangements should be set up in such a way that the concession is contingent on following MCL rules for using pipeline land.

The third phase of the MCI/DAI agriculture program will be to provide opportunities for rural families living in the pipeline corridor between Bojonegoro and Karang Agung to link into high value markets through the production of specific products for supply to fresh markets and processing operations in the area. This will include support for the development of opportunities for individuals living in rural communities in the pipeline corridor to develop value adding enterprises using raw materials produced in their area.

Indonesia currently imports approximately 48% of the fruit purchased in supermarkets nation wide and a considerable amount of red meat. Owners of retail food outlets and catering companies are eager to purchase not only local fruit but many other high quality food products that are properly produced, packed, and transported through a supply chain that manages temperature and handing in order to guarantee food quality, food safety, and adequate shelf life for end users.

The MCL/DAI agriculture program will address these opportunities by setting up an Agribusiness Development Service, run by one or two world class experts with access to some of Indonesia's best expertise. The ADS will provide services listed below to local producers beginning in the buffer zone. The buffer zone development will work as a pilot program working with displaced farm laborers in the Gayam village area.

The MCL/DAI Agribusiness Development Service (ADS) will provide rural entrepreneurs and farmers with:

1. Marketing services that link producers into lucrative opportunities either directly or through local suppliers.

2. Training and extension assistance in setting up production systems that meet buyer demands.

3. Access to required inputs through local vendors that supply the necessary inputs at a reasonable cost.

4. Assistance in interfacing with local banks.

5. Business training.

6. Access to research and market information.

7. Marketing opportunities and assistance with set up and development of value added business enterprises.

The MCL/DAI agriculture program will provide support to the Bojonegoro University Faculties of Agriculture and Economics by setting up a one hectare test plot, post harvest handling and food processing test facilities that will carry out applied research as required for new business development within the MCL/DAI agriculture development program. Students and faculty from the economics program will be involved in the assessment of business opportunities as well as training of local agribusiness entrepreneurs in business management. This will enhance the university curriculum by providing learning labs for students and faculty. Improvement of the university curriculum and interface with private sector will not only provide excellent learning opportunities but it will attract teaching talent to the university, and provide a set of critical service to the MCL/DAI agriculture program.

The MCL/DAI agriculture program will work with vendors of inputs and more importantly suppliers and processors that handle agriculture product between the farm gate and market outlets to improve their services to farmers and increase their income by improving their products and expanding their product line. This will be partly accomplished through improving suppliers operations to implement best agriculture practices for post harvest handling as well as assisting them to move into a more integrated marketing position which usually results in accessing higher end markets and cutting out unnecessary steps in handling

# Background Information

As MCL ramps up the process of purchasing land for the pumping station as well as the pipeline corridor serious considerations must be made in regards to the effect of the project on society as well as the expectations and aspirations of the people in the project area. Mining and oil extraction projects in this country have been the scene of some major social dramatics including rioting because the extraction companies failed to meet employment expectations. In some cases this type of response can not only hinder operations, but has resulted in major shut downs. Executives of MCL are keen to mitigate this risk.

As the agriculture research was being conducted on the ground with interviews and site visits, interviewers were able to observe some of the emotional responses to questions regarding the MCL project. Clearly people have certain expectations, some realistic and some not about how the project should proceed and what they aspire to see as a result of the project. The observation by the agriculture development team corresponds with early surveys conducted in the project area by MCL and DAI that conclude that aspirations of employment are highest on the list of expectations for most people. There is some concern about environmental mishaps, especially in the wake of the LAPINDO disaster, but this worry pales to the expectation that there will be considerable amount of employment generated from the project. For those that understand that real numbers of workers will be very low relative to the population of the area they tend to regard it more as an opportunity on a par with American Idol where they know they will be the next Hollywood superstar chosen out of the many thousands of applicants.

In interviews that were held with local NGOs and local planners the comments were that it is hoped that USAID/DAI and MCL will be able to facilitate the development of other sectors especially agriculture and home industry that will take the attention off of the oil industry. This is precisely what was said to us by the MCL representative in Cepu. Citizens in the project area are also hoping that there will be some way to absorb agriculture production labor displaced by the purchase of land for the pumping station.

The DAI agriculture development team believes that the agriculture sector certainly can be developed with a relatively small investment by focusing on a market led approach to producing high value products in the project areas. This would entail offering a cornucopia of agriculture solutions to rural communities that will allow them to plug into agriculture value chains that not only provide gainful employment but significantly increase income potential over current operations.

The average farm worker, according to our survey makes approximately Rp. 15,000 per day as day labor or—per year on ¼ hectare of dry land cultivation which is representative of the agriculture systems at the MYGAS site.

It is estimated that the pumping facility combined with the pipe line corridor will displace approximately 3,120 farm workers. This is calculated as 4 partially employed workers per hectare for a total of 780 hectares of land acquisition that will not be free for cultivation. That is 600 hectares at the pumping station and 180 hectares in the pipeline corridor. The pipeline corridor will only decrease agriculture employment as a total. It will not displace workers directly. It will simply reduce the total land that farm workers were cultivating because it will only close off a small portion of each individuals operation. Only approximately 2400 workers will actually be displaced. That will be at the pumping site just outside of Gayam. We will refer to that area as the MYGAS pumping station.

The DAI agriculture team observed that the water level in the local Bandereng Solo River is extremely low and that water sources in and around Bojonegoro through Kalitidu is being over pumped. Ground water in this area is also restricted mostly consisting of shallow wells accessing seepage as opposed to extraction from aquifers. It could be said that wet paddy cultivation in these areas is not sustainable, especially when considering that irrigated rice fields require approximately four times more water than most dry land row crops.

Along the proposed pipeline area within Bojonegoro, where the road meets the limestone hills, there are a series of springs that feed plush irrigated paddy fields for approximately 10 kilometers to the east. Moving north towards Tuban the agriculture systems become a mixture of teak, dry land crops and patches of irrigated paddy with a bit of sugarcane being grown in places.

Animal husbandry consists primarily of sheep, range chickens, and occasional onggol cattle in and around Bojonegoro moving to goats, cattle, and range chickens in the Tuban regency which has more dry upland agriculture.

By and large, with the exception of the calcarious outcrops, the land in all three of the survey regencies is fertile and productive, especially under irrigation.

At the end of the pipeline corridor near the town of Karang Jati is the coastal area where the pipeline will deliver the oil into a floating storage facility. The fishermen in this area are basically working on a subsistence level. Their incomes average about Rp. 750,000 to Rp. 1,000,000 per month for an average family of four. There is very little alternative industry in the area and the shallow fisheries no longer yield a large volume of fish and sardines. Much of the wild catch involves trapping crustaceans and netting some sardines for proximal local markets.

## GOALS AND OBJECTIVES

The over all goal of the agriculture initiative is to mitigate risk of social dissention towards the MCL operation by increasing income and employment opportunities for people working in the agriculture sector in and around MCL operations including the regencies of Bojonegoro, Blora, and Tuban particularly for those agriculture workers directly displaced by land acquisition.

The objectives that DAI proposes for meeting this goal for developing agriculture are:

1. Developing the buffer zone around the pumping station into an intensive agriculture production zone that will provide employment for local agriculture workers directly displaced by land requisitions.

2.      Concession grazing rights to workers directly displaced or partially displaced by pipeline land acquisition.

3.      Set up an agribusiness development service (ADS) that links farmers in the project area into lucrative markets by assisting them to select and set up production and post harvest handling systems that meet the demands of these markets and fit their individual abilities and needs as producers.

4.      Assist agriculture service providers and buyers to integrate their operations to include support of agriculture production, good post harvest handling, and supply chain management.

5.      Link new agribusiness development and extension with activities at University of Bojonegoro for the purpose of leveraging technical assistance and providing learning opportunities for faculty and students in the university system as well as strengthening the learning institution.

## CRITERIA FOR SELECTING BENEFICIARIES

The primary beneficiaries for agriculture programs are those most severely affected by the MCL oil field exploration and development. Since land owners are being paid for the land that is used for the MCL project, DAI considers displaced farmers formerly working land (who could also be former owners) in the project zone as the most seriously affected group due to loss of livelihood. Secondary beneficiaries are growers neighboring the site and residents of affected villages followed by members of the rural community at large.

Beneficiaries are selected from the Tier I, II, and III villages based on the degree to which beneficiaries are affected by the MCL oil field exploration and development.

Tier I villages are those that are most directly affected by the presence of the Cepu oil field development and are comprised of the villages closest to the Cepu field well site.

Tier II Villages are those that are immediately adjacent to, or border, Tier I stakeholder villages. These villages form a boundary layer around the Tier I sites.

Tier III Villages are those that will intersect with the pipeline.

By combining the village selection criteria with the criteria for identifying individuals most affected by the Cepu field development, the following list of criteria has been compiled in order of importance and should be used as a selection tool for identifying beneficiaries for the agriculture program:

Those invited to join the buffer zone cooperative and irrigated land within the zone as well as involvement in post harvest handling and value adding business with the cooperatively owned packing shed and processing facility are identified as follows:

1.      Displaced workers from Tier I villages whose sold livelihood was based on cultivation of land in the absorbed project block.

2.      Displaced workers from Tier I villages whose secondary livelihood was based on cultivation of land in the absorbed project block.

Direct beneficiaries of the Agriculture program in the second phase of development that will receive services and assistance with market linkage are as follows:

3.    Growers from the Tier I villages.

4.    Growers from the Tier II Villages

Direct beneficiaries of the Agriculture program in phase three will be offered grazing rights in the pipeline corridor. These beneficiaries are:

5.    Displaced workers from Tier III villages whose sold livelihood was based on cultivation of land acquired for the pipeline.

6.    Displaced workers from Tier III villages whose secondary livelihood was based on cultivation of land acquired for the pipeline.

Other beneficiaries will be:

- Students and faculty at the University of Bojonegoro that are involved in learning labs, research projects, and lab training associated with the agriculture program.

- Companies involved in the moving agriculture product through the value chain.

- Suppliers of agriculture inputs in the area.

Criteria for Identifying Agribusiness Activities

It is the goal of the agriculture program to provide primary beneficiaries working the buffer zone opportunity to increase yearly earnings on irrigated land growing specialty crops than they previously did cultivating un-irrigated land prior to land acquisition. This means that the farmers in the buffer zone will need to earn more than ten times as much square meter in the buffer zone. In order to accomplish this, the agriculture program will need to focus on high value products to which value can be added and integrated into high end markets.

It is estimated that the value of the product sold at the farm gate or out of the processing plan must provide a net return of Rp. 42.000.000 or more per hectare per year.

## PROPOSED INITIATIVES

### BUFFER ZONE DEVELOPMENT

The first initiative of the DAI/MCL agriculture development program will be to set up the pumping stations buffer zone as an intensive agriculture production system that can be worked as a concession to the agriculture workers displaced by the land acquisition. The concession should be specific in requiring that the cropping system move to perennial crop production within 24 months phasing out annual crops as the primary source of income.

It would probably be best to ascertain exactly who the laborers are that worked the 600 hectare pumping station site. These laborers should then be given the option of joining a cooperative enterprise that will receive the concession for cultivating the irrigated buffer zone. If approximately 100 of the 600 hectares can be cultivated as a buffer zone under intensive cropping systems producing products that would be graded packed and shipped, it is well within reason that 2400 laborers could be employed part time, earning more than they did cultivating non-irrigated row crops. The economic calculations in the section below indicate that 2400 growers could cultivate a variety of high value crops and earn a total of— per year. In the traditional cropping system it is estimated that the average income to a

laborer would be—per year. Fruit crops under continuous production will yield far more income for the laborers than dry land cultivation.

This initiative will be the pilot trial for the Agri-business Development Service (ADS). In the early phase of the buffer zone development irrigation will be installed that will be used to cultivate the following annual crops for specific markets in Surabaya and surrounding areas.

**TABLE 1: ANNUAL CROP PRODUCTION FOR THE FIRST 24 MONTHS**

| Crop | Value Adding | Target Market |
|---|---|---|
| Chilly Peppers out of Season | Pre-chill, selection, packing | Local supermarkets in Surabaya, Semarang, Jakarta |
| Ida Mame Beans | Pre-cooling and Salting, Some blast frozen (preferably IQF) | Japanese restaurants in Bali and Jakarta, possible export |
| Okra | Pre-cooling, selection and packing, some blast frozen or IQF | Japanese supermarkets in Bali and Jakarta |
| Cherry Tomatoes | Pre-chill, selection, packing | Larger Supermarkets in Surabaya and Jakarta – Likely Carrefour |
| Gourd Tendrils | Pre-chill, selection, Washing, Fresh Packing | Sogo, Ranch Market |
| Dry Land Kangkung | Pre-chill, selection, Washing, Fresh Packing | Sogo, Ranch Market |
| Taiwan Papaya | Selection, packing | Specialty fruit markets in Java |
| Seedless Watermelon | Selection, packing | Specialty fruit markets in Java |
| Japanese Cucumber | Pre-chill, selection, Washing, Packing | Japanese/Korean supermarkets in Bali and Jakarta |
| Fresh Corn (roasting ears) | Selection, packing | Street vendors suppliers in Java |

**TABLE 2: FRUIT CROPS ESTABLISHED AFTER 24 MONTHS**

| Crop | Value Adding | Target Market |
|---|---|---|
| Specialty varieties of mango for out of season production | Pre-chill, selection, packing, some IQF for juice industry | Supermarkets and Specialty fruit shops, Juice outlets |
| Guava red, purple, and pink | Pre-chill, selection, packing, some IQF for juice industry | Supermarkets and Specialty fruit shops, Juice outlets |
| Carambola | Pre-chill, selection, packing, some IQF for juice industry | Supermarkets and Specialty fruit shops, Juice outlets |
| Rapia Rambutan | Pre-chill, selection, packing | Supermarkets and Specialty fruit shops |
| New Varieties of Sapote | Pre-chill, selection, packing | Supermarkets and Specialty fruit shops |
| Durian | Pre-chill, selection, packing, some IQF for juice industry | Supermarkets and Specialty fruit shops, Juice outlets |
| Longen | Pre-chill, selection, packing | Supermarkets and Specialty fruit shops |
| Soursop | Pre-chill, selection, packing, some IQF for juice industry | Supermarkets and Specialty fruit shops, Juice outlets |

Investment in inputs for the first planting of annual crops and perennial crop establishment and construction of a simple packing shed with a blast chiller, IQF freezer cold storage, and grading tables will be the responsibility of the MCL/DAI Agriculture Development Program but all follow on investment will be the responsibility of the cooperative.

It is calculated that grading and packing of the products produced in the buffer zone will require—hours of labor per year basically providing employment for—people mostly women

who generally gravitate to pack house work. The breakdown of cost for annual and perennial crop establishment and cost of setting up the packing house and freezing station are as follows. The pack-house and freezing stations will also be used as learning labs for the Bojonegoro University as will field operations whenever possible.

## CONCESSION OF GRAZING RIGHTS IN PIPELINE CORRIDOR

As acquisition of the land is made a list of the workers that work the land need to be gathered. The best source of this information will be the sellers themselves is a semi public disclosure with village leaders present to make sure that the workers are accurately identified. The owners of the land always have agreements with the growers that work their land. In the case of irrigated land a yearly cash payment is often made by the farmers. If the land is not irrigated, there is usually an agreement in place to share profit of product. In some cases it is the owner and the owner's immediate family that works the land. In any case land owners provide legal access to the person/s that work his/her land.

Once the workers are identified, a concessionary document should be drawn up for the former workers to be allowed to use the pipeline land as permanent pasture with the understanding that under no circumstances are any permanent or temporary structures, cultivated or perennial crops or grazing posts longer than 40cm allowed on the concessionary land. Grasses may be harvested off of the land or the land may be grazed using tethered animals. Violation of these rules will result in the loss of concession. Concessions may be sold leased or given out by the owner of the concession. In the case of family ownership the concession is the joint property of husband and wife and all sales, leases, and releases of concessions must be in writing and signed by both husband and wife.

The provision of grazing concession for pipeline land provides the necessary incentives to the people living along the pipeline corridor to guard the grassed area from encroachment from squatters. It would be a good idea to make sure that topsoil is heaped aside before ditch work begins and graded back over the site after the pipe is buried followed by re-seeding with a good quality forage grass and fertilized. This will make the concession more valuable and desirable to the beneficiaries and help insure protection of the pipeline.

## AGRIBUSINESS DEVELOPMENT SERVICE

As the buffer zone cultivation plan is developed, the DAI/MCL Agriculture Development Program will form the skeleton force of an agribusiness development service. This service is designed to:

1. Identify key lucrative markets for agriculture products that can be produced in the program area.

2. Identify and assess the supply chain that moves the product from farm gate to end user.

3. Identify the most likely production model.

4. Run the economic analysis on production models.

5. Conduct an economic analysis of processing and supply chain operations.

6. Conduct a market entry trial of production and delivery of the product.

7. Conduct a pilot program for producing and delivering the product with key local farmers possibly providing income guarantee if necessary.

8.  Systemize the production scheme and offer it to program beneficiaries.

9.  Provide technical support to growers and producers, suppliers and processors including home and/or small industries that can add value to the product wherever possible.

Agriculture enterprises that will quality for systemization will include:

1.  High value horticulture

2.  Animal husbandry

3.  Fresh water aquaculture

4.  Marine aquaculture

5.  Food Processing and Value Adding

Aside from the production of the crops listed above for the buffer zone, agriculture enterprises will probably focus on production of specific varieties of banana and papaya as well as production of live tilapia, and gurame in fresh water aquaculture. On the seacoast additional research is needed to identify opportunities for floating net based marine aquaculture for the production of Tiger Grouper, Spotted Mud Grouper, Sea Bass, Bivalves, and Mangrove crab. These production enterprises can be very lucrative and should be assessed under the ABS program.

## DEVELOPMENT OF SUPPLY CHAIN AND VALUE ADDING INDUSTRIES

As the DAI agriculture team assessed the proposed project area in Cepu, Bojonegoro and Tuban area, it became apparent that production systems have not kept up with the changing demands of Indonesian, Asian, and world markets for a vastly different and varied array of food, functional food, bio-cosmetic, medicinal, fruit and spice products. This is understandable when considering that these new and exciting product categories are very much niche markets that require varying methods of production and handling and although often very lucrative, are fickle markets by nature requiring a very high degree of feedback from buyers and end users. This however is the agriculture of the future, especially in an archipelago like Indonesian that will never be able to compete in the area of staple crops, with areas of large land mass with good access to transportation and communication infrastructure and cheap shipping costs.

In an open market Indonesia would not be able to compete with countries in the Mekong delta region in the production of rice, sugar, and cassava, nor with temperate zone countries in the production of soybean and corn at least not on a year round basis. It will therefore be the tendency for growers and managers of agri-business operations who are market driven in their decision making processes to move away from staple crop production and processing into more specialized production and marketing systems.

Increasing profitability of agribusiness as well as increasing employment to small farmers and small businesses in the project area requires the improvement of value adding technology, extensive access to markets and market information, and drastic improvement of post harvest handling practices. In many cases this means working closely with middlemen, vendors, and local service providers to upgrade their business practices. Suppliers will only do this if it means increased profitability. Fortunately niche market access and improved product quality almost always increases profitability to the middle men, vendors, and local

service providers but at the cost of education and improved efficiency and private infrastructure.

DAI has had extensive experience in supply chain and cold chain development even in difficult conditions (which Bojonegoro, Tuban, and Cepu are not).

Results of agriculture assessments reveal a relatively high level of sophistication in the project area. Banks are functioning well and access to credit, although expensive, is accessible. Farmer sophistication is adequate. Entrepreneurial spirit and business orientation among the population is high. Government services and access to infrastructure is good. With good technical assistance and market savvy, the program has a very high probability of success and positive impact on the surrounding community.

## EXECUTIVE SUMMARY

The following tasks are being proposed as an implementation guide for implementing the program in phases. The tasks are set forth in a task time line to give an idea of what the program time frame would be.

| Activity | Quarters | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Buffer Zone Development Phase** | **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **On** |
| The workers that are currently involved in agricultural enterprise on the land that is being acquired for MCL operations will be identified before and at time of land acquisition. This is vital when meeting with land owners. | ▓ | | | | | | | | | | |
| Hire agriculturalist, accountant, and two program staff one of which is an economist, | | ▓ | | | | | | | | | |
| Draw up a first year operating budget and get the ADS capitalized. | | ▓ | | | | | | | | | |
| Rent a simple office with simple furnishings. | | ▓ | | | | | | | | | |
| Program staff will identify at least 6 high value markets for crops or processed products that can be cultivated and processed in the buffer zone. | | ▓ | | | | | | | | | |
| The packing and processing facility will be designed. | | | ▓ | | | | | | | | |
| Equipment should be purchased | | | ▓ | | | | | | | | |
| Test planting and marketing will begin for the crops identified. | | | ▓ | | | | | | | | |
| Accurate business profit and loss projections will be written up for each enterprise. | | | ▓ | | | | | | | | |
| The buffer zone will be designed and allocation designed for the beneficiaries. | | | ▓ | | | | | | | | |
| Land will be cleared and leveled. | | | ▓ | | | | | | | | |
| Irrigation will be installed. | | | ▓ | | | | | | | | |
| Meetings will be held with the beneficiaries and a production plan will be drawn up using the results of the test plots and test sales of products. | | | | ▓ | | | | | | | |
| Meetings with banking institutions will be held | | | | ▓ | | | | | | | |

| Activity | Quarters | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| as well as meetings with vendors to identify the right inputs and access to capital. | | | | ▓ | | | | | | | |
| Production and processing will commence. | | | | ▓ | | | | | | | |

| Pipe Line Corridor Concessions | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | on |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Identify the displaced workers | ▓ | ▓ | | | | | | | | | |
| Design a concession contract | | ▓ | | | | | | | | | |
| Meet with the displaced workers to discuss and review the concession plan | | ▓ | ▓ | | | | | | | | |
| Design the pipe instillation plan so that topsoil is reserved and pipeline is grassed and fertilized | | ▓ | ▓ | | | | | | | | |
| As the line is grassed offer the concessions to the displaced workers. | | | | ▓ | ▓ | ▓ | ▓ | ▓ | ▓ | ▓ | ▓ |
| Routinely police the concessions | | | | ▓ | ▓ | ▓ | ▓ | ▓ | ▓ | ▓ | ▓ |

| Agribusiness Development Service | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 12 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Expand and improve agriculture value chains including marine aquaculture in the Karang Agung area. | | | | ▓ | ▓ | | | | | | |
| Expand capacity in the university to work as a research and extension arm of the ADS | | | | ▓ | ▓ | | | | | | |
| Incorporate banking and finance strategies into program. | | | | ▓ | ▓ | | | | | | |
| Improve and expand value adding capability and enterprises | | | | ▓ | ▓ | ▓ | ▓ | ▓ | ▓ | ▓ | ▓ |
| Develop a pool of consultants and volunteers that can provide technical assistance as needed. | | | | | | | | | | | |
| Evaluate program | | | ▓ | | | ▓ | | | ▓ | | |
| Develop an exposure scheme to bring positive publicity to MCL. | | | | ▓ | | ▓ | | ▓ | | ▓ | |

## ECONOMIC EVALUATION AND JUSTIFICATION

Following is an evaluation of the commercial viability of the businesses that we are proposing. The Agriculture Development Service will not be commercially sustainable in itself. It is a service that is paid for by MCL. Activities at the University of Bojonegoro will add income to the university but the applied research and learning labs will not be commercially sustainable but will add considerably to the quality of education and offset the additional expense of improved lab operation. This will be primarily offset by charging fees for lab tests.

All other initiatives will be set up to be commercially sustainable. The major business categories that will each show a positive cash flow are: Production agriculture, Value adding and processing, and packing and shipping.

Income streams and rough estimates of profit and loss for each activity are described below under each of the primary activities.

## BUFFER ZONE INCOME STREAM

### PRODUCERS

For purpose of calculation we are making the assumptions that 6 new annual crops will be introduced into production in the first phase of farming the buffer zone. The choice of what to grow will be made by the workers who receive the concession to work the buffer zone. However the agriculture team will offer opportunities that will probably be selected based on profitability.

Within 24 months annual crops will be phased out and perennial crops will be phased in. Therefore a profit loss calculation is provided for perennial crops that are mostly fruit trees.

It is estimated that the average net income from a hectare of the buffer zone cultivated intensively will be approximately 100 million per year.

Please refer to the spreadsheet below showing the projected profit and loss for the crops intended for cultivation in the buffer zone.

### PACKING AND SHIPPING

Profit to the cooperative owned packing facility is a little more difficult to determine without knowing what opportunities will be availed by the existence of processing capabilities. However profits from packing and shipping product will average approximately one million Rupiah per ton. Please refer to the following profit loss projection for more details.

## FARM GATE P&L PER CROP PER CYCLE

| CROPS | Fresh Corn | Ida Mame and Okra | Pepper | Cucumber | Tomato | Mango | Rambutan | Mandarin |
|---|---|---|---|---|---|---|---|---|
| Tons Production per Hectare | 3 | 4 | 6 | 7 | 12 | 27 | 33 | 30 |
| Percent of Crop Grade 1 | 40% | 75% | 60% | 55% | 56% | 22% | 55% | 55% |
| Percent of Crop Grade 2 | 60% | 25% | 40% | 45% | 44% | 78% | 45% | 45% |
| Tons Product Grade 1 | 1 | 3 | 3.6 | 3.85 | 6.72 | 5.94 | 18.15 | 16.5 |
| Tons Product Grade 2 | 2 | 1 | 2.4 | 3.15 | 5.28 | 21.06 | 14.85 | 13.5 |
| Production Costs/Hectare | 13000000 | 8400000 | 12300000 | 8,400,000 | 12600000 | 13,500,000 | 11,700,000 | 13,000,000 |
| Selling Price for Grade 1 Per Ton | 14,000,000 | 8,000,000 | 8000000 | 3500000 | 4000000 | 6000000 | 4000000 | 6000000 |
| Selling Price for Grade 2 Per Ton | 11,000,000 | 9,000,000 | 6500000 | 2600000 | 2700000 | 4100000 | 1500000 | 3500000 |
| Total Gross Income at Farm Gate/Hectare | 36,600,000 | 28,875,000 | 44,400,000 | 21,665,000 | 41,136,000 | 121,986,000 | 94,875,000 | 146,250,000 |
| **Total Net Income at the Farm Gate/Crop** | **23,600,000** | **20,475,000** | **32,100,000** | **13,265,000** | **28,536,000** | **108,486,000** | **83,175,000** | **133,250,000** |
| Crops per Year | 3 | 6 | 2 | 5 | 3 | 1 | 1 | 1 |
| Gross Per Ha Per Year | 109,800,000 | 173,250,000 | 88,800,000 | 108,325,000 | 123,408,000 | 121,986,000 | 94,875,000 | 146,250,000 |
| Production Costs per Ha per Year | 39,000,000 | 50,400,000 | 24,600,000 | 42,000,000 | 37,800,000 | 13,500,000 | 11,700,000 | 13,000,000 |
| Net Profit to Farmer Per Crop Per Ton | 7,866,667 | 5,850,000 | 5,350,000 | 1,895,000 | 2,378,000 | 4,018,000 | 2,520,455 | 4,441,667 |
| **Total Net Income Per Year/Hectare** | **70,800,000** | **122,850,000** | **64,200,000** | **66,325,000** | **85,608,000** | **108,486,000** | **83,175,000** | **133,250,000** |
| Average Gross for Vegetables/Yr | 120,716,600 | | | | | | | |
| Average Gross for Fruit/Yr | 121,037,000 | | | | | | | |
| Average Production Cost Veg/Yr | 38,760,000 | | | | | | | |
| Average Production Cost Fruit/Yr | 12,733,333 | | | | | | | |

## PRODUCTION COST CALCULATION PER CROP

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Land Rent/Purchase | - | - | 0 | - | 0 | 0 | 0 | 0 |
| Amortization of Cultivar Estab | 666,667 | 666,667 | 666,667 | 666,667 | 666,667 | 1,500,000 | 700,000 | 1,500,000 |
| Cost of Protected Horticulture/Off season Intervention | | | | | | 2,000,000 | 2,000,000 | 2,000,000 |
| Irrigation expenses | 833,333 | 833,333 | 833,333 | 833,333 | 833,333 | 3,500,000 | 2,500,000 | 3,000,000 |
| Cultivation | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 |
| Labor (weeding, staking, applying inputs) | 1,200,000 | 1,200,000 | 1,200,000 | 1,200,000 | 1,200,000 | 1,200,000 | 1,200,000 | 1,200,000 |
| Seeds | 3,000,000 | 800,000 | 3,000,000 | 800,000 | 3,000,000 | 800,000 | 800,000 | 800,000 |
| Fertilizer | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 1,200,000 | 1,200,000 | 1,200,000 |
| Fungacide/Pesticide | 800,000 | 300,000 | 800,000 | 300,000 | 800,000 | 300,000 | 300,000 | 300,000 |
| Staking | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | | | |
| Labor (Harvesting) | 1,500,000 | 600,000 | 800,000 | 600,000 | 1,100,000 | 1,500,000 | 1,500,000 | 1,500,000 |
| Total Cost of Production (exluding cost of land) | 13,000,000 | 8,400,000 | 12,300,000 | 8,400,000 | 12,600,000 | 13,500,000 | 11,700,000 | 13,000,000 |

## COST OF GOODS SOLD FOB PACKHOUSE

| CROPS | Fresh Corn | Ida Mame and Okra | Pepper | Cucumber | Tomato | Mango | Rambutan | Custard Apple |
|---|---|---|---|---|---|---|---|---|
| **COST OF GOODS SOLD FOB PACKHOUSE** | | | | | | | | |
| Farmer Av Selling Price/MT Farm Gate | 12200000 | 8250000 | 7400000 | 3095000 | 3428000 | 4518000 | 2875000 | 4875000 |
| Transportation/MT Farm to Packhouse | 200000 | 200000 | 200000 | 200000 | 200000 | 200000 | 200000 | 200000 |
| Pre-Cool and Storage Cost/MT/1 day | 230000 | 245000 | 200000 | 210000 | 210000 | 210000 | 150000 | 175000 |
| Packing Cost/MT | 65000 | 42000 | 35000 | 70000 | 65000 | 65000 | 90000 | 65000 |
| Box Cost/MT | 1900000 | 1900000 | 1900000 | 1900000 | 1900000 | 1900000 | 1900000 | 1900000 |
| Punits and Labels | 1900000 | 14000 | 14000 | 14000 | 14000 | 14000 | 14000 | 14000 |
| **Total Cost/Goods Sold FOB Packhouse** | **14,595,000** | **10,651,000** | **9,735,000** | **5,489,000** | **5,803,000** | **6,907,000** | **5,215,000** | **7,229,000** |
| **GROSS MARGIN FOR COOPERATIVE** | | | | | | | | |
| Transportation/MT Packhouse to Retailer | 420000 | 420000 | 420000 | 420000 | 420000 | 420000 | 420000 | 420000 |
| Dock Charges | 50000 | 50000 | 50000 | 50000 | 50000 | 50000 | 50000 | 50000 |
| Cost of Goods FOB Packhouse | 14595000 | 10651000 | 9735000 | 5489000 | 5803000 | 6907000 | 5215000 | 7229000 |
| Total CGS CIF Retail Outlet | 15065000 | 11121000 | 10205000 | 5959000 | 6273000 | 7377000 | 5685000 | 7699000 |
| Selling Price /kg | 18300 | 12375 | 12210 | 6809 | 7199 | 8132 | 6613 | 8775 |
| Gross Return Potential | 18300000 | 12375000 | 12210000 | 6809000 | 7198800 | 8132400 | 6612500 | 8775000 |
| Average Post Harvest Losses | 7% | 7% | 4% | 3% | 7% | 7% | 7% | 7% |
| Value of Losses | 1281000 | 866250 | 488400 | 204270 | 503916 | 569268 | 462875 | 614250 |
| **Gross Margin of Profit to Intermediary** | **1,954,000** | **1,254,000** | **2,005,000** | **850,000** | **925,800** | **755,400** | **927,500** | **1,076,000** |

# Attachment A

## RAW NOTES FROM SITE VISITS

Meeting with Mas Yanto in the wood industry. He says that there is both Perhutani, and private stands of Teak and that the older stands are often on private land but large land owners. Cepu is a center for Teak wood collection and logs are from 20 cm to 50 and occasionally 1 meter in diameter but this is very rare.

Most of the wood is sent to Jepara for sawing and furniture making.

Other local business people said that some of the wood sent out is illegally logged.


## Tuesday January 16, 2007

**Talked to Pak Deddy**
**Ngasem 6 villages**
**3 villages in Kalitidu**

In the area that they are working now there will be no relocation involved but there will still be some job displacement.. Problem is how will they use the money after sale of the land. There will however be some work displaced. How do you identify the families that have been displaced.

Land owners will be in the thousands they need at least 600 hectares. They will be required to have a buffer zone from point of view of safety and not sure how much it will be. It will need to be used by a kelompok tani of displaced people. There will be a certain

One of the villages in Ngasem supplies women laborers as sex workers in Surabaya and Balik Papan.

We discussed the idea of leaving the Buffer zone in some kind of high yielding perennial crop.

Drove to Bojonegoro to try to meet with Vasta but he was very busy. However, he did give us directions to the site for the pumping station PT Migas/MCL also the address of the person at the MCL office:

Rita 0296 425500 Ext 2529
Jl Olah Raga 7C
PT MIGAS/MCL

The site is right outside of the village of Gayam we will go after the meeting with Bank Mandiri

We met with Bank Mandiri Micro credit department. This includes small business loans from 0 – 100 Million Rupiah I met with Pak Manan and Nurmanthias Bachtiar who is the Branch Manager for Bojonegoro. Address:

Jl. Panglima Sudirman No. 107 – 109
Bojonegoro 62113

Telp. 0353 892110 sd 13
Fax 0353 892114
Email: bankmandiri@bojonegoro.co.id

The micro credit program is designed to be easy to expedite. There are three basic facilities in the micro credit program

0-100 million  KUMANDIN

10 – 50 million KUMMAPAN

50 – 100 million KUMPRIMA

2% interest per month with interest compounding annually is usually the rate but with good credit history this can quickly be reduced to 1.5

In regards to providing loans to farmers, the bank must work with end users as opposed to Kelompoks. Kelompoks are corrupt.

The bank uses the End users credit rating to set maximum loan amounts. Due diligence also runs a business feasibility study or profit loss statements. If the borowers credit rating is good they can get by with 50% collateral.

Mandiri does not do many agriculture loans to small farmers because the there are too many variables and the inputs are played with as well. They also have a payment system that is monthly as opposed to seasonally.

All small loans are direct to end users they do not work with kelompoks and they loan based money based largely on character references of the borrowers. Moral hazard still remains the largest risk to loan repayment.

Back to the Farms in the Gayam Area ---  The MIGAS waypoint is:

S 07.18695
E 111.69681

We see a lot of Onggol cattle coming into Gayam as well as sheep. Almost all the farming in the area is dry land based with emphasis on Corn, Mungbean, soybean, upland rice, and some sugarcane.

Meeting with Farmers in Gayam Tabianto water is the major restriction to higher yields and subsequently income for farmers in the area in and around the proposed MCL pumping station. The river is dry, almost as dry as it is in the dry season with only a small trickle of water. Farmers say that some people dig wells right in the river bed and pump from there.

Tabianto has ¼ hectares and that is the average size of ownership in the area. However there are some that own 1.5 ha and a very few that own 2 hectares. Well water is limited to drinking.

Average price for corn, soybeans and mungbean is 1200 – 1500 Rp. Per kg all crops are sold through a pengumpul that collects for a larger collector, except sugar cane which is contracted directly from the plant.

Meeting with Harduyo and other farmers, he farms his parents in laws land. He's from Cepu and his wife is from Gayam. He's bitching about his mother in law. Some things transcend cultures.

He and the farmers around him, plant dry land rice and palawija in the dry season.  His family uses well water for drinking and they have access to good clean water at 4 meters. He says the reason they raise mostly sheep instead of goats, is that sheep can be fed on grasses and don't require tree foliage. He says some people plant Teak even small farmers with half hectare if they are going to move away or don't farm the land anymore.  Most of the teak plantations are the property of Perhutani.

Some farmers own their land others farm other people's land. In areas where there is not irrigation farmers split the harvest 50 – 50 with the land owner.  Where there is water then the land is rented and a Keplek system is used.

Drove to the Camats house in Gayam but he wasn't home will come meet us at the hotel later.  We passed several of the Pengembangan Kecematan Perbaikan Jalan signs were up. These look like very good systems for building and maintaining rural roads.  Most of the costs were 36 million or so by the PPK and 5.5 matching from the village.

Almost all the cropping that we saw was tumpang sari.  The kepala Desa Gayam Kecamatan Ngasem was not there when we visited

## Thursday – January 18, 2007

Outside of Gayam we met with Wahmad, Sole, Pak Marla, Pak Zein.  Two of the farmers were harvesting cane for shipment to the factory in Ngawi – the factory comes and picks it up with a truck.  These guys were working day labor for 15,000 per day but they have to provide their own lunch.  Half day labor is 10000 rp.

Pak Zeni owns his own land one hectare and pumps water out of a well that is about 12 meters deep. He can only pump for 10 hours with a 8.5hp pump before the water is gone and he has to leave it for equally as long for water to seep back in.

He gets two rice crops per year.  Most of the farmers in the area plant Sereng variety.  Gives them about 6 tons per harvest (I do not believe that max is about 4.8) mungbean and soybean are planted and chosen based on an estimate of which will have a better price.

Pak Yona (another farmer interviewed) said that some people raise cattle some for fattening some for breeding and that they are bought at the local pasar hewan.

Pak Mugiku says that their land is fertile that the only restriction to increased income is water.  He farms his own land but he doesn't have an SK.  He has his land is several places. His wife also helps him plant, cultivate and harvest.  He does not use fertilizer and saves seed so he has very little input cost but yields are also variable. Some farmers, especially those with irrigation fertilize with the normal Urea, TSP, and KCL.  He says that they still get ZA sometimes.

Pak Lasman plants tumpang sari, he owns 1/8 hectare and works other land as well.

Pak Jisno owns his own land 4900 meters2

We found a lot of people hauling Jerami for cattle fattening.  They could use a fermentation system for breaking down the straw and increasing the protein.  PKK roads are all over and good infrastructure.

We are driving out to Tuban along what will be the pipeline area.   Kalitidu has a few fish ponds for Gurami and Red Talapia.  Kalitidu is irrigated rice land.  Apparently there is a clay

subsoil then calcarious, then blue clay at about 4 – 10 meters so there is plenty of coring and lining materials for fish ponds.

More marginal cattle feed – look for a better way to use it than just straight feed. They save it as hay. It had very little green color and looked very lignus.

Mostly irrigated land all the way to Rengel.

Where the limestone mountains meet the road in Rengel there is a very good spring called Ngronh. In fact there is a series of springs and the one called Ngrong is a tourist attraction because of the huge fish and fruit bats hanging in the cave above it. Haji Mad has a lot of land in the area just before Gengel and he uses bore holes about 30 meters deep for irrigation. Once you get further North the land is irrigated from the springs.

We stopped in the Kecamatan Rengel office to find out more about the area.

There are 5 springs with the following water debet as follows:

Ngrong 579 liters/ ditik and the water is used for irrigation (good since the bats are crapping in the water.)

Miket is 50 liters a second and is used for irrigation

Sendong Papun is 3 l/sec and is used for irrigation

Sendong Beron is 500 l/sec and is used by Perusahaan Daerah Air Minum for city water supply

Sendong Lagawi is 15 l/sec and used for irrigation and washing.

We noticed the large teak worm had damaged many of the teak trees. The worms are actually good to eat and sought after as a fried snack. This is a home industry opportunity. Like the Thai fried grubs they are a good snack with beer.

Ngrong springa is at:

S 07.641
E 12.00752

After Rengel hills there are other outcrops of limestone upthrust. The soils on these hills are fragile. People living there are involved in the lime brick business and collecting limestone in the purest form for burnt lime production that is used in building materials. There are several processing points along the road on the way to Plumpang then more in the Karang Agung area. There is a Tee in the road and one side leads to Jongkrak.

Farming in this area in and around Plumpang is a mixture of teak, palawija, tebu corn and mango trees. After Pakah the hills are covered with teak. These are mostly owned by Perhutani. This is about 45 kilometers and more from Bojonegoro. The teak seems to be on good soil despite ore tint. Lots of chalk block and burnt lime production where the calcarious upthrust are.

Desa Cendoro sports wet irrigated paddy.

Came out near Petrocina at their fuel loading point. Karang Agung is a sleepy little town.

Met with fishermen at the end of the road where the pipe line will likely be near. They were roasting shark when I met them.

Toli, Suram and a number of other fishermen

They actually do a lot of trapping of crab using Keranjang (baskets) which work as traps. The crustacean that they catch is the Racunan (poison????). They do not use ice themselves, they sell to a Pengumpul that uses icy water and moves product on a small truck or motorcycle. Most of the ice blocks come from Bojonegoro. There is a little bit of ice made in Tuban but it is limited.

They never work Tambaks or karamba. They have noticed a decrease in wild catch over the last five years and especially over the last ten. Also they have moved from catching sardines and some larger fish to mostly trapping crustaceans and netting some sardines. Occasionally they get a sand shark (like we saw going into the village).

They use 7horse Ketingtings Monda G300 for powering their single outriggers. Cost of fuel makes fishing in distant fisheries much more cost prohibitive.

They really have not other source of income in their area besides fishing because there is no industry in this area. Their average income per month per family of about 4 is Rp. 700,000.

Wave action and wind seems not to be such a serious threat but theft of cultured seafood probably would be.

We drove back from Gumpang and saw a lot of Gamping processing. This is basically burnt lime that is used for building materials and as a white cement or for adding strength to Portland cement.

Stopped at Universitas Bojonegoro. They have about 1600 students that come in the morning and mostly in the evening. They have the following faculties listed in order of number of enrollment:

1. Fak Hukum
2. Fak Ekonomi
3. Fak Teknik/sipil
4. Fak Sospol
5. Fak Pertanian

Farming in this area is a mix of irrigated and non irrigated. Land in the area is between 10 and 20K usd per hectare.

# January 19, 2007

**Meeting with Alimahmudi**
**Yayasan Bina Umat**
**Contacted by Dr. Jumpa**

His Yayasan works as a branch and representative of Yayasan Dr. Jumpa Dompet Dwafa. They will work with Dr. Jumpa in the area of health.

Yayasan Bina Umat has free medicine programs in Ngasem near Kalitidu. They work in all of the MCL areas. They also work in some of the other areas of the Kabupaten

Beau: What are the services that Yayasan Bina Umat (YBU) provides?

They work out of Jakarta as HQ but now they work here. So far the donor is MCL and they run the free medicine program for MCL here in Ngasem.

Beau:  Does the Yayasan Dompen Duafa

100 employees in Jakarta but here they only work with YBU as their contractor NGO.  YBU does not have employees but they can mobilize a lot of people to get things done  The Yayasan has a lot of members 400 members.  The members are the local people that help with the distribution of the medicines and they are volunteers.  They sometimes help with arranging public work on water or small road maintenance, sanitation.

What problems have they come across in implementing the project??  A:  so far no major problems in the distribution of medicines.

How does your communications work?  Once a month Dompet Duafa comes to visit us a sets up the exact program.  YBU works right with the members through the Camat structure.  There is then internal accounting back to Dompet Duafa every month.  The government really does not mix with the process.  YBU just lets the District and Sub District government, however the health department has approved the program.

YBU was set up in 96 and have been doing social programs in the area.  Before Duafa came in to support them they simply collected money within the area from local donations and distributed medicine using those donations.  Bina Umat has worked in will over 100 villages in the area.

They work in Kecamatan Ngasam in 27 desas Kec Kanor +- 25 desas Kec.  Sekar 5 desas and they have worked in all these areas.  They have worked in all 27 of the Ngasam desas.

Aside from Dompet Duafa they have personal donations.

How many people do you have working for you in the office here in Bojonegoro?  In each district they use 6 people to implement the program.  What is the role of each of these 6 people 2 paramedics, 2 doctors, 1 coordinator, 1 public assistance. Bina Umat takes care of administration of the finances.

Bina has 3 departments : Moral Training, Education, and Social Welfare.  His NGO has never received money from the Indonesian Government for Programs but they have received some assistance for operational costs.  It comes from the Regency and they received 5 million last year.

They received 120million for project from Augustus til Desember 2005.

Is YBU large???  No not in total size of money, however, in local members they are of considerable size.  They have a lot of access to local expertise as well including road construction groups etc...

Have they had experience in working with other NGOs in partnership??? Not really

We had a meeting with Bank National Indonesia in Bojonegoro.  We met with Alex and Yudi who run the small loans program.  They consider a small loan between 0 and 100 million.

They do very few agriculture loans.  They primarily focus on loans for operations.  They are not set up for ag loans because their loan payment system is set up for monthly payment.  They have mostly given up on very small loans because the cost of management is too high.

They generally require 100% collateralization and have very favorable interest rates  .98% per month for 3 years generally.  This is partly because they require so much collateral and do go for small difficult to manage loans.  This translates to an effective interest rate of 6% and a flat rate of 12%

They have a loan facility called "Wira Usaha" it goes up to 500 million which they are allowed to disburse at the branch office.

They asked about USAID programs and whether they could apply for grants. I told them they may be able to now that USAID is allowed to contract through local organizations that meet contractor criteria.

## Meeting with Ibu Difa at Bank Rakyat Indonesia

They are the primier small loan bank in Indonesia. They have thousands of units all over the country. These Unit banks are a size under the branch banks. In Bojonegoro Regency there are 21 Units under the Bojonegoro Branch Bank. It is not uncommon for a branch to have as many as 100 units under it. It is a general rule that BRI will have one unit in each Kecematan (subdistrict). There is a Mantri (kredit manager) at each unit that can evaluate and disburse loans less than 100 milion.

Units are allowed to disburse loans up to 100 million without branch approval.

They are well suited for agriculture loans because they set up payment systems on a quarterly or biannual basis. They can also loan money based on a letter C from the Desa saying that they own the land but may not have an official certificate (SK). This in conjunction with a Kartu Penduduk (identity card) will be sufficient as long as the borrower meets other criteria for loans.

They always loan to an end user, never to a kelompok. Due diligence is made based on personal references and experience of the bank with the borrower and the quality and or feasibility of the business that they are borrowing for. Their rate is between 1 – 1.5 percent depending on the value of the collateral and the performance of the business. BRI does not necessarily require 100% collateral.

It should be noted that it is very difficult for a bank to reposes farm land anyway so I am not sure what the value of farm land is as collateral anyway. It would be political suicide for a bank to reposes farmers land.

Generally credit is calculated at a flat rate at the units and a rate that is based on the amount of principal remaining at the time payment is due.

They do not have a high percentage of non-performing loans – 3% at the Unit level and 2% at the branch level in Bojonegoro.

In there experience loan guarantees do not perform well. They are subject to rules and regs set forth by the provincial branch which is above them and located in Surabaya.

# Annex VI: Communications Component

# Executive Summary

Transparent communication networks between stakeholders are essential to promote, implement and monitor a successful and well governed community development program.

The proposed communication initiatives for the MCL community development program will:

- Assist MCL to identify local stakeholders and partners
- Promote the MCL core values to local partners
- Enhance the communication capability and effectiveness between local stakeholders and MCL.
- Assist local stakeholders to understand and be a part of the MCL community development program
- Promote transparent communication systems that promote systems of good governance and accountability at the project and community level.

To implement the proposed initiatives existing assets may be leveraged from local partner organizations, including local CSOs, community groups, the media, private sector and local government. In addition, external assets will be used including international donor organizations ongoing programs. Ongoing capacity building initiatives will strengthen local partners improve their communication and governance capacity and therefore improve the sustainability of the MCL community development plan.

## COMMUNICATION OBJECTIVES

- To design and implement a communication strategy for an integrated development program that promotes to all stakeholders the core values of Exxon Mobil 's philosophy of corporate responsibility

- To position ExxonMobil as a 'catalyst' focusing on the fundamentals in the ExxonMobil Community Development Program Road Map that promotes synergy with local government and communities, community involvement/participation and engaging credible partners

- To promote transparent information flows and build communication network capacity and process <u>between</u> all project stakeholders (including MCL), that enable the stakeholders to understand project selection, objectives and implementation

- To build communication capacity and process <u>within</u> the individual project stakeholder institutions to enable those parties to improve internal governance systems and to exchange information with other stakeholders in a more productive, timely and effective manner.

# Introduction

Hydrocarbon reserves were discovered in the Cepu block in the 1990s, however it is not until now that a realistic extraction plan has been put in place. Consequently communities are confused regarding the impacts and associated economic benefits of oil exploration. This has been compounded by a lack of apparent transparent and systematic information exchange from and between all major project stakeholders including oil companies, local and national government. ExxonMobil faces the challenge to implement a community development program that can identify stakeholder concerns and expectations, and that can be implemented through a transparent system that promotes and encourages best practice governance at each stakeholder level.

As MCL ramps up the process of purchasing land for the pumping station as well as the pipeline corridor serious considerations must be made in regards to the effect of the project on society. Extractive industries have a history of community conflict. Mining and oil extraction projects in Indonesia have been the scene of some major social upheavals because extraction companies failed to meet community expectations. In some cases this type of response can not only hinder operations, but has resulted in major shut downs. Executives of MCL are keen to mitigate this risk.

MCL existing community development interventions have tended to been in the form of public relation interventions that have addressed specific one off needs. These in themselves are laudable and promote the profile of MCL in the community. Through interviews and focus groups carried out in local communities likely to be affected by MCL operations it was found that the community are grateful for these contributions however have the wish to see some more fundamental and longer term initiatives undertaken within a clearly defined community development strategy.

The assessment team reviewed previous consultancy reports carried out on behalf of MCL. These reports highlighted the background of community relations and development in resource extractive industries in Indonesia,, human resource diagnostics, and social economic issues in the Cepu area. Secondary sources also highlighted previous stakeholder expectations. The DAI team analysis sought to corroborate or contradict these conclusions within the scope of work defined in the work plan. (See attachments for primary and secondary sources)

# Stakeholder Identification

In order to define impact criteria and select stakeholder villages accordingly, the DAI field assessment team conducted field interviews and focus groups with stakeholders from a representative sample of both Bojonegoro and Tuban kabupatens. Some stakeholders were from those areas previously defined by ExxonMobil as ones of high impact that had previously experienced exploration drilling, while other stakeholders were from immediately adjacent areas and villages along the proposed pipeline route. The team also conducted interviews with a control group situated outside areas of previous or future MCL operations.

The team concluded that by their nature MCL operations will not have a uniform affect on all stakeholders. Different stakeholders will be affected in different temporal and spatial ways. For example the Central Processing Facility (CPF) requires 600 ha of land that will directly affect stakeholders over the long term through landless labor displacement. Exploration drilling may be high impact over the short term (in both visibility and effects on local transport networks), but low impact over the long term if no hydrocarbon extraction takes place. Pipeline construction is relatively rapid and of relatively low impact, however some stakeholders will be affected in the long term by restrictions on land use directly above the pipeline and in the proximity to the Floating Storage Unit (FSU).

In order to more simply define the impact selection criteria, DAI has assumed that the villages with highest impact will be those that are in proximity to the CPF and well exploration sites, with relatively lower impacted villages situated along the pipeline. DAI developed a three tier spatial definition of stakeholders that is flexible according to the nature of MCL activities over time. Any future exploration or processing activities can be categorized into the categories defined below.

**TIER I** - **16 Villages: Pop. 13,520.** These villages will be those directly affected by the presence of the CPF and potential exploration drilling sites. These were deemed high impact because of the need for land acquisition, the high visibility of MCL activities, and potential high impacts to local transport networks from exploration drilling. An additional criterion was that the stakeholders in these villages had already formed a community group specifically defining themselves to be highly affected by MCL operations. This tier is exclusively located in the Kabupaten of Bojonogoro.

**Tier II - 39 Villages: Pop. Pop. 33,848.** These villages are those that are immediately adjacent to, or border, TIER I stakeholder villages. These villages form a boundary layer around the Tier I sites.

**Tier III 46 Villages: 46,105**. These villages are those that will intersect with the pipeline. This is an approximation as the exact pipeline route has yet to be determined.

Stakeholders in Tier I will be the first to be affected by MCL activities, namely the high profile land acquisition programmed for Q2-Q4 2007. Pipeline construction planned for Q3 2008- Q4 2009 will impact Tier III stakeholders, while construction of the CPF that will affect both Tier I and Tier II stakeholders is earmarked for Q4 2008-2010. Exploration drilling that will affect Tiers I and II is planned over 2009-2011.

In total DAI has identified 101 villages in the three tiers with a total population of 92,203. A total of 15 sub districts will be affected in the kabupatens of Bojonegoro and Tuban.

# Field Assessment Methodology

As a precursor to designing options and an appropriate communication strategy for promoting the MCL five year community development plan, the community development and communications specialist conducted a field assessment to ascertain the current development and variety of communication networks, existing systems of local governance, potential partner organizations as well as the potential to implement new forms of communication and governance initiatives at stakeholder level.

The communication specialist used a wide range of methods for gathering information needed to identify communication flows at the village, district and national level. These methods included secondary source research, key stakeholder interviews, and focus group discussions. The specialist interviewed local community-based organizations, non-governmental organizations, government counterparts, and international organizations working in Cepu to learn more about the formal and non formal communication structures that currently exist along with the potential intervention opportunities. The specialist examined the extent of these networks, the players in each and the potential capacity for the uptake new communication initiatives.

Semi-structured focus group discussions served as a key method for gathering the necessary information and for garnering critical indications regarding microfinance from those most likely to seek access, benefit, and effectively use this development resource. These focus groups were conducted primarily in those Tier I and II villages defined as high impact villages from which ExxonMobil will acquire land for the pumping station. In addition, the specialist visited sites outside the high impact area, along the proposed pipeline, recognizing that these villages may be affected as well. Also, to determine the extent to which residents of the broader Cepu area expect MCL involvement and support, the specialist conducted focus group discussions outside the defined tiers.

Each focus group discussion involved 4-6 participants and lasted from 1.5 to 3 hours, depending upon the number of participants. The specialist paid close attention to group composition, holding separate discussions with all-female groups.

Participants were asked 5-6 primary questions with supplementary or follow-up questions posed depending on the participants' responses. The community development specialist asked the following primary questions:

1. What are the formal and informal lines of communication that exist within and between local communities and the local government

2. How do you access and receive information from what sources and how regularly

3. What role do women groups play in the village communication structure?

4. How well are vulnerable groups e.g. women represented in your community?

5. How do persons resolve issues or conflicts?

6. How transparent is governance in your community

The communications development specialist also assessed the institutional capacity of local institutions and organizations that possess the means to increase their potential capacity to respond to current and emerging needs in the fields of community governance, empowerment and program implementation. Key capacity areas assessed include: institutional governance; human resources; services, clients and markets; information systems and controls; and financial performance.

This assessment focused on understanding the overall enabling environment (legal, cultural, political formal and informal) for communication initiatives, and identifying existing structures and institutions which could be leveraged into a proposed communication strategy. The DAI team concentrated on the analysis of key institutional capacity issues of potential partners.

# Field Assessment Key Findings

## I.  STAKEHOLDER PERCEPTIONS AND EXPECTATIONS

**Local stakeholders do not feel empowered in the MCL community development process.**
The community feels that so far the MCL community interventions, though beneficial, have
not been consistent or have been fundamentally demand led. Previous MCL interventions are
perceived as specific reactions to isolated problems. Consequently stakeholders feel that they
should be integrally involved and consulted in any project process. This is a consistent theme
that has emerged at all levels, from the village discussion groups to interviews with local
government at the kecamatan level. The community has perceived the MCL approach to lack
consistency and coordination.

**Communities feel that MCL community initiatives lack clarity and transparency in
selection and implementation.** Stakeholders perceive a lack of feedback to community
initiatives and are particularly suspicious of outsider organizations contracted to implement
projects within the stakeholder area. Interviews with local government officials highlighted
the fact that MCL communication policy and implementation within local government circles
is viewed as unclear. Mixed messaging promoted confusion at the stakeholder level. For
example some local government agents felt that the local authorities were not fully consulted
and briefed on MCL community program activities and process which consequently hindered
local government's ability to provide accurate and timely information to the communities on
MCL activities. This point was explicitly brought up by the head of kecamatan Ngasem.

**Communities have high expectations with regard to the land acquisition process.** Past
land purchases and compensation payments have, in the eyes of those affected, been poorly
handled. Incomplete, inconsistent and non transparent population and household surveys have
led to discontent at the village and community level as a whole. For example simple errors
have been made that lead to community disenchantment. Payments of compensation to
farmers for land disturbance were not made at the household level, rather made at the MCL
office. Farmers in Brabowan expressed their embarrassment at having to queue to receive
payment.

**Community expectations are high regarding the just implementation of land acquisition
and laborer compensation.** Communities expect a clear and consistent methodology to
identify those people affected by land acquisition, both landowners and laborers. Defining
who works which land is a complex task. Socio economic relationships add complexity to
correct stakeholder identification. For example agricultural laborers are not attached to
working specific land, rather they are organized into groups that come together to complete
specific task such as planting, weeding or harvesting. These groups are sometimes gender
specific, for example women tend to weed while men tend to harvest. Landowners also hire
out their labor to other landowners.

**Community fears about negative environmental impact and especially water quality are
a high priority.** These fears have arisen due to past sulphur leaks, with MCL and Pertochina,
as well as the recent mud flow in east Java. The most specific environmental concern is that
of potable water pollution. In communities of the high impact area these fears seem more
pronounced than in the BUDP assessment in 2004. Stakeholders suggested setting up an
ongoing potable water assessment in all the areas affected by MCL operations.

## II. FORMAL AND INFORMAL SYSTEMS OF STAKEHOLDER GOVERNANCE

The DAI assessment aimed to identify the formal and informal systems of governance at stakeholder level. These systems are important to account for in the design and implementation of a community development program.

**Formal governance systems are well established and well known by most stakeholders.** These follow existing political networks (Annex 4). Information is disseminated from local government through the village head to the RT and RW household groups in periodic village meetings in the Pendopo. This open forum gives the opportunity for large village gatherings where individual village members may voice their opinions. Information flows through the network in a downward fashion. Information flows up these channels may not be so structured and individuals may bypass the political protocol and make direct interventions to the head of the village. This fact demonstrates internal mechanism within societal structure that encourages independence of thought and action for those communication innovators that seek additional representation. It also serves to act as a check to linear top down communication pathways.

**Village stakeholders already exhibit complex systems of socio economic management that have been built upon by other development programs.** A good example of a successful program is the design and management of the World Bank PPK credit program started in 2000. This loan to the Indonesian government works with existing strong economic credit structures at the village level in both male and female economic associations. Such structures exhibit robust forms of internal governance.

**Community conflict mitigation and resolution operate effectively through existing communication networks.** A fundamental ethos in Javanese culture is that where possible disputes and conflicts should be resolved directly and peacefully. Village heads encourage disputes to be resolved directly between parties rather than solving disputes through a structured legal framework. Mutual respect is a cornerstone of society. This informal system of governance is an essential part of Javanese society that needs to be accounted for in the development of community development plans.

## III. CIVIL SOCIETY AND POTENTIAL PARTNERS

**Existing village NGO organizations show high levels of organization and potential for capacity building.** Members tend to be local innovators who are proactive members of the local community.

**SEMAR** is a formal NGO that represents the interests of stakeholders in 14 of the high impact Tier I communities. SEMAR is registered with the government and is well organized. In a focus group with SEMAR members the assessment team discovered an excellent system of governance and representation, as well as a broad cross mixture of members with differencing skill sets. The organization is made up of elected officials and therefore can be considered to give a good representation of community needs. SEMAR has also taken the

initiative to produce and present to MCL a development project with indicators and budget outlining their respective village priorities.

**The Kecamatan Development Project** *(or Program Pengembangan Kecamatan) (PPK)* in Bahasa Indonesia) is a large, long-term Government of Indonesia/World Bank community-driven development program, which started in late August of 1998 and will continue through at least 2009. Communities throughout the country are charged with planning and implementing small-scale infrastructure, irrigation, and microcredit programs. These microcredit programs are about 50-150 million IDR per village.

The PPK governance structures and funding channels are already well-established, and the program is producing results in almost all situations. Funds go from the PPK to the UPK (the sub-district level body responsible for managing the program at the village level) to the villages, based upon the quality of the proposals submitted by the villages to the UPK.

**Lembaga Penguatan Perempuan Mandiri** *(LP2M)* is a local NGO-run microfinance program targeting women and group based lending, currently serving 15 groups of 10 women from 8 villages. MCL already successfully works with this well organized group. This is good example of a sustainable intervention with a local partner. However in order to leverage this success to the wider community the local partner should be strengthened with technical assistance and capacity building skills.

**Bina Umat** is a local NGO based in Bojonegoro with over 400 volunteer members with experience in public health and community extension. Bina Umat has been sub contracted by the PKPU (a national CSO) to implement a MCL financed road infrastructure grant to 9 high impact villages. Bina Umat has potential to become a leading CSO in community development however requires a more defined management structure and technical assistance to increase it's capacity to manage more complex programs.

**The University of Bojonogoro** *(UNIGORO)* runs courses in Agriculture, Law, Economics and Finance. The capacity of the institution is limited in terms of human resources and technical skills. However is the only public higher level academic institution in the area and exhibits the potential to be a partner in the MCL program. As part of the curriculum students spend one year as agricultural extensionists and in this capacity can be included into the monitoring and evaluation component of the MCL program. Moreover the University may act as an infrastructure resource where trainings and workshops can take place.

**Local government players in the development and information sectors have extensive networks at the community level, but suffer from lack of technical and human resource capacity.**

**Badan Perencanaan & Pengembangan Daerah** *(BAPPEDA*) is the government planning and development department which is responsible for drawing up and implementing government development programs. BAPPEDA in Bojonogoro has developed and published a 5 year development plan based on community needs and proposals. In 2006 BAPPEDA was responsible for the management of projects totaling 2 billion Rupia throughout villages in Bojonogoro. Projects concentrate on infrastructure improvement, educationand public health. In 2007 it is anticipated that each village will receive 150,000,000 Rupia for development iniatives. BAPPEDA extensionists work with local community leaders and the village supervisory bodies (BPDs) to monitor and evaluate projects. BAPPEDA officials

highlighted the lack of training at the extensionist level in project identification, design and management.

**Informasi Komunikasi (*INFOKOM*)** is the institution responsible for communicating government messaging. It has a network of extensionists and ongoing community interactions throughout all kabupatens.

Recently INFOKOM has diversified its role from a government mouthpiece to a community communications facilitator. Over the past two years a pilot community information project (KIM) managed by INFOKOM has been set up in 49 villages across Bojonogoro. Its aim is to promote dialogue between local businesses and communities, as well as acts as a mechanism to promote social communication. Each village group has 20 members who develop themes for discussion. INFOKOM facilitates the process by bringing local players together in a discussion forum. Local press is also invited to attend. This system of communication is being successfully used by PetroChina to directly address concerns over environmental issues with community members.

Despite its impressive outreach INFOKOM lacks technical skills in human resources. Training for employees in communication and facilitation techniques would significantly increase the capacity and effectiveness of the organization.

## IV. LOCAL MEDIA ANALYSIS

The media community in Bojonegoro is well developed and integrated across television, radio and newspaper mediums.

The media analysis concentrated on the identification and survey of the media outlets in the assessment area, analysis of media capacity and coverage, demographics and advertising rates, as well as of political constraints to information. Of specific interest was how the media acted as a two way communication and advocacy medium in the local society.

**The media is a highly effective communication medium at the stakeholder level**.. The local media is a powerful force in the community and acts as a conduit of community expression. Journalists are well connected and have a multitude of sources throughout the community at every demographic level. Moreover the community is very interactive in the dissemination of material. Every journalist interviewed indicated that a prime source of stories and information came from individuals in the community themselves.

**The local community used media as an advocacy tool**. Analysis into the media sector shows a proactive and sophisticated community that uses the local media as an advocacy tool. For example when more formal lines of communication do not yield results it is common for individuals or groups to draw attention to their points by bringing them to the attention to local investigative journalists. There is a noted absence of private advocacy organizations such as public relation specialists.

**Media is the most effective and cost efficient form of community communication.** Advertising rates in the local media are inexpensive. For example a 30 second spot at Mandani FM costs just 1000 Rupia, a 60 second spot at BASS FM, the market leader, costs 17,500Rupia.

**The variety and types of media programming provide a number of opportunities to promote communication and key messages.** For example talk shows are the most popular

form of radio programming. They focus on community issues and are guided by local callers. Content include anti corruption promotion, local politics and upcoming local elections as well as the impact of hydrocarbon exploration and production on the community. Stations invite political representatives, local experts and stakeholders to discuss issues.

**Radio is a universal medium across all sectors, while TV plays an especially important role as the source of information for rural stakeholders.** Most rural households have access to a television and radio. Newspapers are not as popular in rural areas because of the low literacy rates and expense.  The most popular channels in East Java is JTV and SCTV**.** JTV is a local TV channel based in Surabaya, and provides wide coverage on local issues. SCTV is a national channel that is recognized to provide the best news programming. It also has a local news program for East Java area broadcast from its studio in Surabaya. BASS FM and Madani FM are the leading radio stations in the area producing independent content.

# Communication Strategy: Approach

The communication strategy for the community development plan seeks to build upon existing village socio economic communication networks, as well as promote a more effective dialogue and understanding between the village and the district government. The communication strategy looks to use synergies with the existing ExxonMobil strategy at regional and national level to promote key ExxonMobil messages and values.

Clarity, consistence and transparency of communication are the foundation of a successful strategy. The following initiatives will generate community goodwill by instituting a transparent communication process that allows the community to define and explain their real needs and objectives to MCL. Consequently MCL can better assist the community to implement realistic programs to achieve the objectives. Goodwill will be fostered by a community development program that is demand driven by the local stakeholders.

The communication initiatives will promote the transfer of information, best practice and principles of governance between communities. Communication activities supporting this process will convey clear messages regarding program planning, budgeting, accounting, and reporting responsibilities of all those involved with the management of funds. Communication activities will facilitate a clear understanding among all community members regarding authority, rights and responsibilities for obtaining and managing funds. Initiatives will also develop a clear understanding among local government authorities and other stakeholders outside the community of the community's rights and abilities related to fund management.

Initiatives are based on the existing fundamental geographical and socio economic communication structures. They do not seek to redefine communication flows, rather build upon existing communication assets and assist in disseminating information more effectively within, and importantly between, the stakeholders. Developing a communication strategy that dovetails into existing community communication structures creates and promotes a symbiotic approach to community relations  Each initiative is designed so that if necessary it can be scaled up to cover a multitude of potential future stakeholders where MCL activities will take place over the next twenty years.

Implementing this communication process and stressing ExxonMobil core values  at the stakeholder level develops lines of communication which builds trust between the community

and MCL. In this way sensitive issues and challenges that may adversely effect MCL operations can be identified and addressed at an early preventative stage.

**Key Messages and Values:**

- **The participation, inclusion and voice of all community members are MCL priorities.**

Lack of participation and social exclusion exist and pose threat and risk to the success and sustainability of an effective MCL community development program. This not only includes these voices but also demonstrates to the local stakeholders MCL vision to include all members of the community, including women and the youth. Participation is not limited to one way consultation, but is rather focused on the expression of voice and a two way communication flow.

- **MCL is committed to promoting the highest standards of accountability and transparency in program management.**

Project implementers and stakeholders must demonstrate high levels of accountability in the management of program funds. Traditional power relations and dynamics will be carefully monitored for their effect on accountability and transparency. Corruption, nepotism, favoritism, and mismanagement of funds are unacceptable under any circumstances.

# Strategic Communications Initiatives

Implementing this communication process and stressing ExxonMobil core values at the stakeholder level develops lines of communication which builds trust between the community and MCL. In this way sensitive issues and challenges that may adversely effect MCL operations can be identified and addressed at an early preventative stage.

Each initiative may be implemented at whatever time MCL deems necessary to coincide with the MCL project schedule.

## INITIATIVE 1: ESTABLISHING A CEPU AREA COMMUNITY DEVELOPMENT ADVISORY COUNCIL

The function of the CDAC council would not be to displace or duplicate existing structures, but rather to work with MCL to ensure the initiatives and approaches the company seeks to support to advance community development are informed by the perspectives of a select group of respected individuals drawn from the Cepu area.

**Membership:** The CDAC should include up to 5 members in good standing within the community drawn from distinct social and economic sectors within the area and drawn from academia, business, a student based or other non-governmental organization (NGO) as well as from among traditional or religious leaders. A senior MCL representative based in the Cepu area should be included as a Council member. Consideration may be given by members

of the CDAC once selected whether the participation of the MCL representative should be restricted to "voice but no vote".

**Selection:** Representatives to the Advisory Council should be nominated by representatives from the key sectors. The University of Bojonegoro, the Chambers of Commerce, NGOs active in the region and traditional village level leaders should be asked to nominate candidates to serve. Those selected would be expected to serve in an unpaid position for a 1 year term. At least one woman shall be included on the Council. MCL representative in the Cepu area responsible for Government or Community Relations will support the efforts of the Council and the designated chairman, who should be nominated and approved by majority of the Council members themselves. The names and backgrounds of the final nominees, a description of their backgrounds, and the role on the Advisory Council will serve should be made available to the public for comment prior to the final selection of members by MCL.

The CDAC will meet on average once monthly to review proposed strategies, approaches and activities to ensure that they are consistent with the interests of the communities, their priorities and development objectives. While consensus will not be required in order for proposed activities to proceed, it will be the preferred outcome of the advisory process. MCL support for a proposed activity that fails to garner support from a majority of Council members should be considered highly unlikely.

**Output Indicators:**

Registration of the CDAC

Registration of members and board

Monthly meetings and minutes

Published suggestions

# INITIATIVE 2: IMPLEMENTATION OF SENSITIZATION WORKSHOPS AND PARTICIPATORY STAKEHOLDER MEETINGS IN ALL 101 TIER I, II AND III VILLAGES

Workshops will enable the community to collectively understand, learn from and reflect upon the design, management and implementation activities related to the MCL development plan. Such communication processes will facilitate ongoing information exchange among community members and groups in order to leverage the broad host of local capacities, potential and resources. It will ensure that development priorities are based on a collective vision of all members rather than captured by certain elites. Communication activities will be transparent and use participatory techniques. The program can be implemented by DAI in accordance with a similar methodology used in the Ache SPD program joint financed by USAID and ExxonMobil.

**Implementation:** A total of 16 workshops will be completed in the Q1 and Q2 of the first year of the project. These workshops will be of 20 persons who represent a broad spectrum of the village, including women, youth, the disabled as well as elected community leaders and targeted community inovators. The workshops will be managed by a DAI appointed independent facilitators trained in participatory communication techniques. After completion of the workshops, each village will then be responsible for disseminating information to 2 other villages per year. Village heads will be expected to act on their own initiative to contact

other villages, set meeting agendas and organize workshops. DAI will act upon these initiatives by providing professional facilitators to manage the workshops and provide technical assistance where needed. It is anticipated that all 101 of the identified villages in Tiers I, II and III will have had the opportunity to attend communication workshops by the end of the second year.

**Output indicators:**

Number of innovators and leaders registered in workshops

Knowledge gained or behavior change among participants

Innovations and follow up form the communities

## INITIATIVE 3: CAPACITY TRAINING FOR LOCAL INDEPENDENT JOURNALISTS IN BEST PRACTICE METHODS

Effective, transparent and independent media journalists serve a key role in the advancement of MCL development project objectives, that include community mobilization and advocacy, awareness building, as well as the monitoring and evaluation of local project governance.

There are over 100 registered working journalists in the kabupatens of Bojonegoro, Tuban and Blora. Information will be complied from the press association of each kabupaten regarding specific journalists and their specializations. Under the training program most, if not all, independent journalists in the three kabupatens will have received capacity building.

Under this MCL sponsored initiative a total of 10 journalists will receive training each quarter from LSPP (Lembaga Studi Pers Pembangunan) an independent media capacity building institution. Journalists will be invited to apply for the program and selection will be from a cross section of media throughout the three kabupatens. Training will be tailored to needs, and focus on the development of journalism skills, best practice methodologies, production techniques and business skills. Training will take place in Surabaya or Semarang.

**Output indicators:**

The number of journalists attending

The number of courses sponsored

The increase in demand led original programming at the local radio and television level by local journalists

## INITIATIVE 4: DEVELOPING AN INTEGRATED MEDIA AND COMMUNICATIONS CAMPAIGN USING LOCAL MEDIA SOURCES

Ensuring a regular and timely flow of information and awareness to local and national stakeholders throughout the MCL community development program is essential for its long term success. A close relationship with the local media is vital to achieving this goal. A media campaign at the local level will complement the existing MCL public relations campaign, and will concentrate upon stimulating dialogue and communication.

Local media channels present an excellent opportunity for MCL to promote the ExxonMobil fundamental core values and process to both the general population in East Java, as well as

target stakeholders in specific kabupatens. In addition, because local media (notably television and newspaper) is well connected to national outlets, ExxonMobil messaging can be targeted to a national audience.

The media campaign will be made up of regular press releases and a newsletter highlighting milestones reached and successes in each of the development project components. More specifically the campaign will concentrate on a few core communities that will act in a similar way as case studies or success stories. Local media will be encouraged to periodically follow the progress of these communities as they become involved in the MCL community development program, highlighting challenges faced and solutions adopted over time. This serialization of specific communities and stakeholders will enable the community as a whole to better identify and empathize with the MCL development program.

In addition once a month, a local radio talk show will highlight issues with the community and ExxonMobil. Analysis into the radio sector in Bojonegoro discovered that radio talk shows have high ratings and are an excellent medium to encourage dialogue on important community issues. They are independent and well mediated and allow direct interaction with the community on sensitive issues.

**Output indicators:**

Regular press releases and newsletter publication

Uptake of case study format by local media

Number of radio talk shows with MCL participation

## INITIATIVE 5: ESTABLISHING A NETWORK OF VILLAGE BASED COMMUNICATION CENTERS THAT ENCOURAGE INFORMATION AND COMMUNICATION FLOWS

In order to increase village stakeholder communication and information gathering capacity, MCL through DAI should establish telecenters in each of the 16 high impact villages in local schools over the first two years of the program.

Telecenters will provide infrastructure not only for learning, education and communication, but also for networking and mobilization of communities. Community members may utilize the telecenter to gather information about markets and to better understand governance issues, mobilization options, access to resources and civil society organizations which are all relevant and critical for development related empowerment efforts.

Telecenters will include new and old media services, TV, telephones, faxes, internet, photocopying machines, etc, and may serve as a gathering place for video screening, radio and TV programming , website development and internet networking.

Managing the centers will be contracted to a local NGO. Villagers will be charged a fee to become members of the telecenter as well as pay for services. Income will be used to cover costs of maintenance and operation. Where possible a local innovator will be selected to manage the center. He/she will be given basic technical and management. Telecenters technological capacity will respond to the communication demands of the community.

**Outputs:**

Number of telecenters in operation

Number of end users

Fiscal sustainability of telecenters

## INITIATIVE 6: TECHNICAL TRAINING AND CAPACITY BUILDING FOR MEMBERS OF BAPPEDA

The strategy of engaging local government in MCL community development planning and operation helps to promote clear and transparent communication linkages regarding the objective, implementation and monitoring of the MCL community development plan. Cooperation with BAPPEDA will develop synergies. BAPPEDA has a well developed network of extensionists throughout all the kabupatens that are experienced in development program monitoring and evaluation. The assessment team found that BAPPEDA lacks fundamental human resources and technical capacity.

To support the development of human resources, MCL will sponsor twice a year technical assistance and capacity building exercises for up to 20 employees of BAPPEDA. Such capacity building will directly benefit MCL as BAPPEDA extensionists may serve to triangulate monitoring and evaluation impacts of the MCL community development program.

Consideration should be given to providing capacity building and technical assistance program similar in range and scope to components within the USAID ExxonMobil sponsored activities in Aceh. Technical assistance in categories such as program management, participatory data gathering techniques, program planning and budgeting and monitoring and evaluation will be given by recognized experts to cluster groups of extensionists.

**Output and impact indicators include:**

The number members attending trainings

Increased capacity to process community proposals

Increased number and quality of monitoring and evaluation visits

# TABLE 1: TIMEFRAME

| Activity | Q1 | Q2 | Q3 | Q4 | Yr2 Q1/2 | Yr 2 Q3/4 | Yr3 | Yr4 | Yr5 |
|---|---|---|---|---|---|---|---|---|---|
| **CDAC** | | | | | | | | | |
| Member identification | ■ | | | | | | | | |
| Participatory appraisal | ■ | | | | | | | | |
| Monthly meetings | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ |
| **WORKSHOPS** | | | | | | | | | |
| Identification/Organization | ■ | | ■ | | ■ | ■ | | | |
| Implementation | | ■ | | ■ | ■ | ■ | | | |
| **JOURNALIST TRAINING** | | | | | | | | | |
| Beneficiary identification | ■ | | | | | | | | |
| Trainings | ■ | ■ | ■ | ■ | ■ | ■ | | | |
| **MEDIA CAMPAIGN** | | | | | | | | | |
| Preparation | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ |
| Ongoing activities | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ |
| **TELECENTERS** | | | | | | | | | |
| Site identification and  Prep. | ■ | ■ | | | | | | | |
| Procurement | | ■ | ■ | | | | | | |
| Training | | | | | | | | | |
| Operation | | | ■ | ■ | ■ | ■ | ■ | ■ | ■ |
| **CAPACITY BUILDING** | | | | | | | | | |
| BAPPEDA | | | | | | | | | |
| Participant selection | ■ | | | | | | | | |
| Trainings | | ■ | | ■ | ■ | ■ | ■ | ■ | ■ |

# Attachment A: Primary and secondary information sources

## *PRIMARY SOURCES*

VILLAGE LEADERS (INCLUDES HEADS OF VILLAGE AND OTHERS)

| Name | Village | Position/ Contact Information |
|---|---|---|
| Prihadi | Brabowan | Village Head, 0353-7724816 |
| Pudi Harto | Brabowan | Agricultural Field Officer, 088230135155 |
| Pujiono | Gayam | Second Chairman of SEMAR, 085235037471 |
| Sugiono | Brabowan | Chairman, Koperasi HSBU; Secretary, Forkomas Baja; 081330366340 |
| Soekirno | Mojodelik | Chairman, Village farmer organization, 081332913099 |
| Tcitik Hernadi | Mojodelik | Village Midwife, 081332913099 |
| Suparno | Bonorejo | Village Official |
| Rachmad Aksam | Bonorejo | Village Head |
| Towo Rahadi | Ngraho | Village Head |
| Hariyono | Bebadon | Village Head, 08125960271 |
| Adi Laskuri | Katur | Village Head, 08123439597 |
| Parmani | Brabowan | Chairman, Forkomas Baja, 081332343429 |
| Mugito | Gayam | Journalist, 081335769942 |

COMMUNITY-BASED ORGANIZATIONS

| Organization | Contact Person | Contact Information |
|---|---|---|
| Koperasi Niaga Sarana Banyu Urip (NSBU) | Sugiono | Gayam, 081330366340 |
| Forkomas Baja | Parmani, Sugiono, Secretary | Brabowan, 081332343429 |
| SEMAR | Rakman Aksan, President; Pujiono, Second Chairman | Pujiono, 085235037471 |
| PKK (Women's organization found in each village) | Ibu Sabar in Padangan | N/A |

## NON-GOVERNMENTAL AND GOVERNMENTAL ORGANIZATIONS

| Organization | Contact Person | Contact Information |
|---|---|---|
| PKPU—NGO | Tomy Hendrajah | Jl. Condet Raya No. 27 G Jak-Tim (021) 87780015 |
| Lembaga Penguatan Perempuan Mandiri (LP2M)—NGO | Damiasri, Treasurer | Jl. Raya Berabowan No. 2, Gayam, 0353511740 Lp2mbojonegoro@telkom.net |
| Program Pengembangan Kecamatan (PPK)--Parastatal, funded by World Bank | Soekirno, District Treasurer | Mojodelik, 081332913099 |
| Domet Duafa (PKPU local partner)- NGO | Ali (director), Soberi (microfinance program representative) | Jl. Dewi Sartiko 83, Bojonegoro 081-331-028422; 0353-7719678 |
| Fatayat Muslimat (N.U.), women's religious organization that runs women's credit program for the PPK | Ibu Ngatiru, Leader | Gayam |
| Bina Umat Foundation | Ali Mahmudi | Tel: 0353 7719678 |
| INFOKOM Kabupaten Bojonegoro | Djindan Muhdin (the head of INFOKOM | Tel: 0353 881454 |
| INFOKOM Kabupaten Bojonegoro | Djoko Suharmanto (head of Community Development Division) (mobile phone) | 0815 54754 525 |
| INFOKOM Kabupaten Bojonegoro | Budi Widigdo (head of community relation division) | |
| BAPPEDA Kabupaten Bojonegoro | Suwarto (Physical Development Division) | Tel: 0353 881501 |
| BAPPEDA Kabupaten Bojonegoro | Wardoyo (Socio-Cultural Division) | |
| BAPPEDA Kabupaten Bojonegoro | Musa Hanifudin (Socio-Cultural Division) | |
| BAPPEDA Kabupaten Bojonegoro | Fajar (Research and Development Division) | |
| UNIGORO (University of Bojonegoro) | Ihwal Subagjo, SH, SP. M.Si (Deputy Rector I) | 0353 881984 |
| UNIGORO (University of Bojonegoro) | Tri Astuti Handayani, SH, M.Hum (Deputy Rector II) | |
| UNIGORO (University of Bojonegoro) | Muhadi (Administrative Bureau) | |

## FOCUS GROUP PARTICIPANTS

| Name | Gender | Village |
| --- | --- | --- |
| Suwandi | Male | Brabowan |
| Sutrisno | Male | Brabowan |
| Parmani | Male | Brabowan |
| Sugiono | Male | Brabowan |
| Pudiharto | Male | Brabowan |
| N/A | Female | Mojodelik |
| N/A | Female | Mojodelik |
| N/A | Female | Mojodelik |
| N/A | Female | Mojodelik |
| Tejo | Male | Pandagan |
| Sabar | Female | Pandagan |
| Warni | Female | Pandagan |
| Darmini | Female | Pandagan |
| Pariyem | Female | Pandagan |
| Kris | Female | Pandagan |
| Cici | Female | Pandagan |
| Sarminah | Female | Pandagan |
| Pugiono | Male | Gayam |
| Susila | Male | Gayam |
| Sucioto | Male | Gayam |
| Ngatino | Female | Gayam |
| Muamanah | Female | Gayam |
| Anis Musthafa | Male | Bandar |
| Duriyanto | Male | Bebadon |
| Heriyonto | Male | Bebadon |
| Maimun | Male | Bebadon |
| Muhbisri | Male | Bebadon |
| Sunandar | Male | Bebadon |
| Martono | Male | Bebadon |
| Heri Kiswanto | Male | Bebadon |
| Narijan | Male | Bebadon |
| Sakiran | Male | Bebadon |
| Waris | Male | Bebadon |
| Purwono | Male | Bojonegoro |
| N/A (Group of 12 Fisherman) | Male | Lugung and Karagagung |
| N/A (2 women) | Women | Lugung and Karagagung |

## MEDIA CONTACT LIST

| INSTITUTION | CONTACT | DETAILS |
| --- | --- | --- |
| Radar Bojonegoro | Mundzar Fahman (Director of Radar Bojonegoro) | 0812 3404038 |
| Suara Merdeka | Bambang Chadar (Head of Marketing Division) | 0812 253 8900 |
| Diva Bojonegoro | Murtado (Journalist) | 0852 32599403 |
| SCTV | Toni (SCTV Reporter) | 0852 3097 6800 |
| JTV | Didik (Reporter) | 031 828 3333 |
| Madani FM | Bram Priambodo (Station Manager) | 0353 891788 |
| Bass FM | Muhaimin (Station Manager) | 0353 885258 |
| PRSSNI Central Java | Sonny Drajat Wiwoho | 081227 9006 |
| PRSSNI Blora | Mr. Oni (Chairman of PRRSNI Blora) | 081 2290 2969 |

## SECONDARY SOURCES

Final Report of Public Consultation for the BUDP Plan, conducted by the University of Airlangga

"Economic Benefits Study: Banyu Urip Development Project," compiled by Lembaga Penyelidikan Ekonomi dan Masyarakat Fakultas Ekonomi Universitas Indonesia (LPEM-FEUI) on behalf of APCO Indonesia, October 2003

Human Resources Assessment/ Diagnostic Review, Bojonegoro, conducted by CLGI

Company Profile, Forkomas Baja (local NGO), Brabowan

Company Profile, Koperasi Serba Usaha "Niaga Sarana Banyu Urip," Brabowan

Maps of ExxonMobil/MCL Operational Areas, generated by Development Alternatives, Inc.

"Getting Community Relations Right: Lessons Learned from Investors in Indonesia," Brooks Bower Asia, July 10, 2006

Bojonegoro Dalam Angka (Bojonegoro in Figures) 2005/2006, Division of Regional Account and Statistical Analysis, Katalog BPS: 1403.3522

"Nota Kesepakatan Bersama antara Pemerintah Kabupaten Bojonegoro dengan Dewan Perwakilan Rakyat Daerah Kabupaten Bojonegoro tentang Prioritas Plafon Anggaran Sementara (PPAS) Anggaran Pendapatan Dan Belanja Daerah Kabupaten Bojonegoro Tahun 2007," Pemerintha Kabupaten Bojonegoro, Tahun 2006.

Proposal Program Infrastruktur Desa, Pengembangan Wilayah Banyu Urip-Jambaran, Ngasem-Kalitidu (Bojonegoro) compiled by Brabowan, Mojodelik, Bonorejo, Katur, Gayam, Sudu, Ringintunggal, Begadon, and Ngraho.

USAID/DAI Support for Peaceful Democratization Program 2006 – Baseline Assessment Background and Questions

USAID Support for Peaceful Democratization Program 2006 - Community Engagement and Ownership Initiative

USAID/DAI - Support for Peaceful Democratization Program 2006 – Community rehabilitation component

USAID/DAI Support for Peaceful Democratization Program 2004. Framework with Indicators

# Attachment B: Political Structures

## KABUPATEN POLITICAL STRUCTURE

**Regent Office**

**Head of Districts**

**District Secretary**

| | | | |
|---|---|---|---|
| Employment Bureau | Tax Affairs | Statistics | Family Planning | Religious Affair |

District development Program

(Program Pengembangan kecama

Govern-mental Affairs Section

(Seksi pemerintah

Economic and Development Section

(Seksi Perekonomi-an dan

Educantion and Culture Section

Seksi Pendidikan

People welfare section

(Seksi Kesejahteraan Rakyat)

Head of villages

# VILLAGE POLITICAL STRUCTURE

**Village House of Representatives**
(Badan Permusyawaratan Desa (BPD))

**Village – Owned Enterprises**

**Head of Villages**
(Kepala Desa)

**Village Secretary**

**Village Administrative Staffs**

**Development Affairs Division**
(Urusan Pembangunan)

**Governmental Affair Division**
(Urusan Kepemerintahan)

**Public Affair Division**
(Urusan Umum)

**Social Welfare Division**
(Urusan Kesejahteraan social)

**Head of Kampong**
(Kepala Dusun)

**Head of Kampong**
(Kepala Dusun)

**Community Association**

**Community Association**
(Rukun Warga (RW))

**Neighborhood Association**
(Rukun Tetangga (RT))

**Neighborhood Association**
(Rukun Tetangga (RT))

**Neighborhood Association**
(Rukun

**Neighborhood Association**
(Rukun Tetangga (RT))

# MCL Community Development Program

Phase II: Final Report on Activities, Outputs and Recommendations for Implementation.

# MCL Community Development Program (MCL CDP)

Phase II: Final Report on Activities, Outputs and Recommendations for Implementation

February 2008

# Executive Summary

ExxonMobil Oil Indonesia has demonstrated a commitment to supporting an integrated community development program in the Cepu Block area, especially for communities likely to be affected by Mobil Cepu Ltd. (MCL) operations. To inform the community development approach, MCL and the United States Agency for International Development (USAID) engaged DAI through the Support for Peaceful Democratization Program (SPD) to undertake design efforts in Phase I of the MCL Community Development Program, which resulted in a proposed strategy and framework for an integrated community development program.

*Framework and Goals*: The framework for the Mobil Cepu Ltd. Community Development Program (MCL CDP) developed through Phase I, and validated with stakeholders during Phase II, is guided by two overarching goals: first, that MCL is viewed as a responsible corporate citizen and valued neighbor in the Cepu Block area; and second, that MCL CDP contributes to sustainable community development and well-being by building on community assets, values, and aspirations.

*Locations*: The proposed program is intended to focus primary attention on the villages and sub-districts (or *kecamatan*) within Bojonegoro, Tuban and potentially Blora likely to be most directly affected by MCL operations. Specifically, DAI, in close consultation with ExxonMobil, MCL and local stakeholders, identified 121 villages in the two districts that should serve as the primary focus of MCL CDP supported initiatives over the three year implementation period. As a result of the survey conducted by DAI during this most recent phase (II), the 121 villages were found to have a total population of 440,934 or 116,318 families who would be involved and directly benefit from MCL CDP's full implementation in the proposed Phase III.

During the first year of the three-year program's full implementation, DAI recommends that community based activities be identified and implemented in 50 villages and subsequently in an additional 50 villages in each of the two subsequent years. DAI proposes that 65% of MCL CDP grant funding is directed to supporting appropriate village based priorities identified through consultative planning exercises at the community level, with the remaining 35% of grant funding directed to supporting regional priorities through a consultative process involving key stakeholders at the regional level.

*Initiatives*: The framework, program approach, objectives and most illustrative activities proposed for MCL CDP at the conclusion of Phase I remain valid. Specific program initiatives and implementation activities should be developed through an ongoing consultative process that focuses programmatic support to advance three primary objectives: (1) improved livelihoods and economic growth; (2) effective civil society engagement as part of a broader, multi-stakeholder effort, to lead community development processes; and (3) improved community health, education, and well-being. By supporting these objectives, MCL CDP initiatives will yield measurable results and contribute to success in meeting overarching goals.

Village based initiatives to be supported by MCL CDP will be identified by members of the communities through a participative planning process like that which DAI has facilitated elsewhere in Indonesia and recently in Bojonegoro and Tuban in anticipation of the MCL financed "Quick Hits". Community and cluster based program initiatives supported by grants and technical assistance will focus on improving health and well-being to address needs associated with basic services, public infrastructure, and education.

Initiatives responding to regional priorities will focus on improving economic growth and livelihoods. These activities will, for example, contribute toward improving agricultural output,

developing and expanding opportunities for small and medium enterprises and on increasing access to productive finance. Technical assistance and grants responsive to regional needs and priorities can also serve to launch and support the active engagement of  the Community Development Advisory Council (CDAC) and other initiatives to ensure effective stakeholder engagement, especially that of civil society and local government.

These initiatives at the village and regional levels should also foster responsible planning efforts, efficient program implementation and coordination at multiple levels. MCL CDP activities should also contribute to capacity building of relevant institutions, both public and non-governmental, to improve governance and citizen participation, while enhancing transparency and accountability.

*Governance*: The best option for successfully implementing MCL CDP remains the engagement of a professional development organization through a continued public-private partnership between ExxonMobil and USAID. The goals of MCL CDP are likely to be advanced significantly by supporting the formation and effective functioning of the proposed Community Development Advisory Council (CDAC). The Advisory Council should include broad representation—through a multi-stakeholder approach—to provide strategic guidance to, and feedback on MCL's community investments in a process that expands the constituency of key actors in the region and that supports advancement toward overarching goals.

*Costs and Funding:* The total cost of the MCL CDP program is estimated at $5 million per year, for a total of $15 million for the duration of the 3-year program.

*Timing***:** Further delay in decision making regarding MCL CDP's full implementation increases the likelihood of missing the "Golden hour". In the event of delay in deciding to move forward expeditiously with the full implementation of MCL CDP or viable alternative, ExxonMobil and MCL run the risk of losing forward momentum established in the region as well as setting back the real and potential benefits of initiating programmatic engagement now. Once lost, MCL's prospects of regaining momentum—contributing to hope among citizens, engaging their active and constructive participation, and earning the trust of other stakeholders—will be diminished. While additional or *ad hoc* activities beyond "Quick Hits" and those anticipated by extending Phase II activities may help buy time until full implementation begins, they are at best imperfect substitutes.

# Introduction

In late 2006, Mobil Cepu Ltd. (MCL) signed a memorandum of understanding (MOU) with the United States Agency for International Development (USAID) to support the development of a strategic development plan for what is referred to as the "Mobil Cepu Ltd. Community Development Program" (MCL CDP). USAID engaged Development Alternatives, Inc. (DAI) through the ongoing Support for Peaceful Democratization (SPD) project in Indonesia to develop the framework and recommendations for MCL's planned investment to support sustainable community development in the Cepu Block area.

DAI personnel carried out the field assessment and associated activities during Phase I, which began in December 2006 and ran through March 2007. DAI presented the findings and key recommendations to senior managers from USAID, ExxonMobil and MCL before delivering the final report and annexes that incorporated feedback on both the earlier draft and final presentation.[1] The referenced report articulated a proposed strategy, approach and framework with recommendations for MCL's support for the implementation of an integrated community development program, focused on building on existing assets and being responsive to the aspirations of communities in the Cepu Block area.[2]

After the conclusion of Phase I, in a continuation of the partnership between MCL and USAID, DAI was again engaged through SPD to initiate a series of follow-on activities in Phase II, from July through November 2007.[3] The goal of Phase II was to advance the planning and help build the platform from which the longer term community development program could be fully launched. The objectives of activities included under Phase II were the further development of the concept for establishing an approach and corresponding structure that would facilitate an ongoing and participative consultative process involving ExxonMobil, MCL, Cepu Block area communities, and other stakeholders throughout the region. More specifically, Phase II activities were intended to contribute to following 5 specific outputs:

1) Collection and analysis of social and economic baseline data of villages;

2) Initiation of contact and early relationship building with stakeholders;

3) Clarification of the role and responsibilities of the Advisory Committee or CDAC;

4) Assessment of organizations in the region capable of serving as potential partners; and

5) Delivery of final report on Phase II, including implementation plan for MCL CDP.

The following report is divided into two parts. The first part presents the most relevant findings and results from activities undertaken during Phase II. The second part incorporates these results, new data and recent input from stakeholders, to update components and approaches developed during Phase I, with a view toward informing decision making concerning the full implementation of the MCL Community Development Program.

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[1] "Cepu Area Community Development (CACD) Plan: Recommendations, Approach and Initiatives for a Comprehensive and Integrated Program" April 2007.

[2] The Phase I report should be considered as a companion to this final report and is attached for reference especially with regard to recommended approach, goals, objectives, and activities.

[3] See Phase II Workplan included as Annex I.

# Phase II Outputs: Activities and Outcomes

Following the presentation of the MCL CDP framework in March to senior ExxonMobil and USAID managers, the two organizations continued the partnership to support a Phase II start-up effort to initiate activities during the second half of 2007 through the ongoing SPD Program. The goal of Phase II was to build the platform from which the longer term community development plan can be launched. The objectives of Phase II were to make preparations for MCL CDP's full implementation and initiate a consultative process with ExxonMobil, Cepu Block area communities and key stakeholders. The first part of this report provides a description of the activities undertaken during Phase II and the results of these activities especially as they relate to five primary outputs.

**Phase II: Primary Outputs and Timeframes**
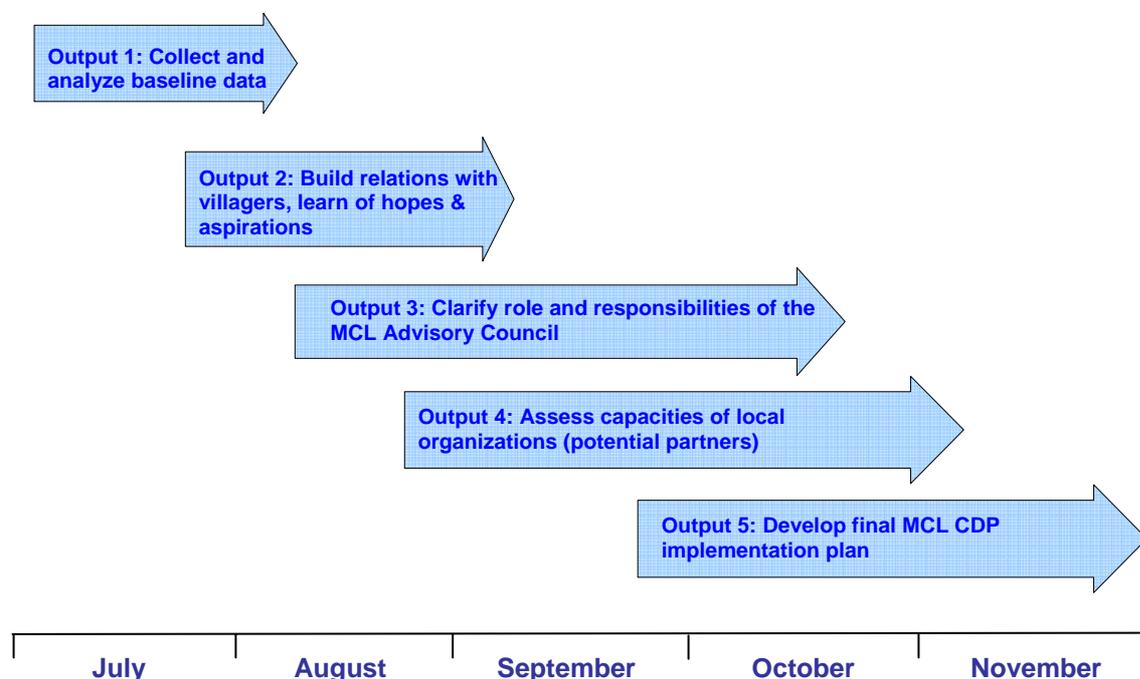


## OUTPUT 1: SOCIAL AND ECONOMIC BASELINE DATA OF VILLAGES

The objective of Output 1 was to obtain quantitative data and generate resulting analysis that would provide insight into local resources available for development and provide the basis to facilitate selection of villages to participate in the MCL Community Development Program. DAI led teams—which included 6 University of Bojonegoro students selected and trained by DAI—gathered data on demographic trends, general village well-being, livelihoods, and village infrastructure and economic assets.

During Phase I, DAI, in consultation with MCL and other stakeholders, identified 101 villages in 15 sub-districts in Bojonegoro and Tuban likely to be most affected by MCL operations as referenced in the following map.

# PHASE I AFFECTED VILLAGES AND SUB-DISTRICTS
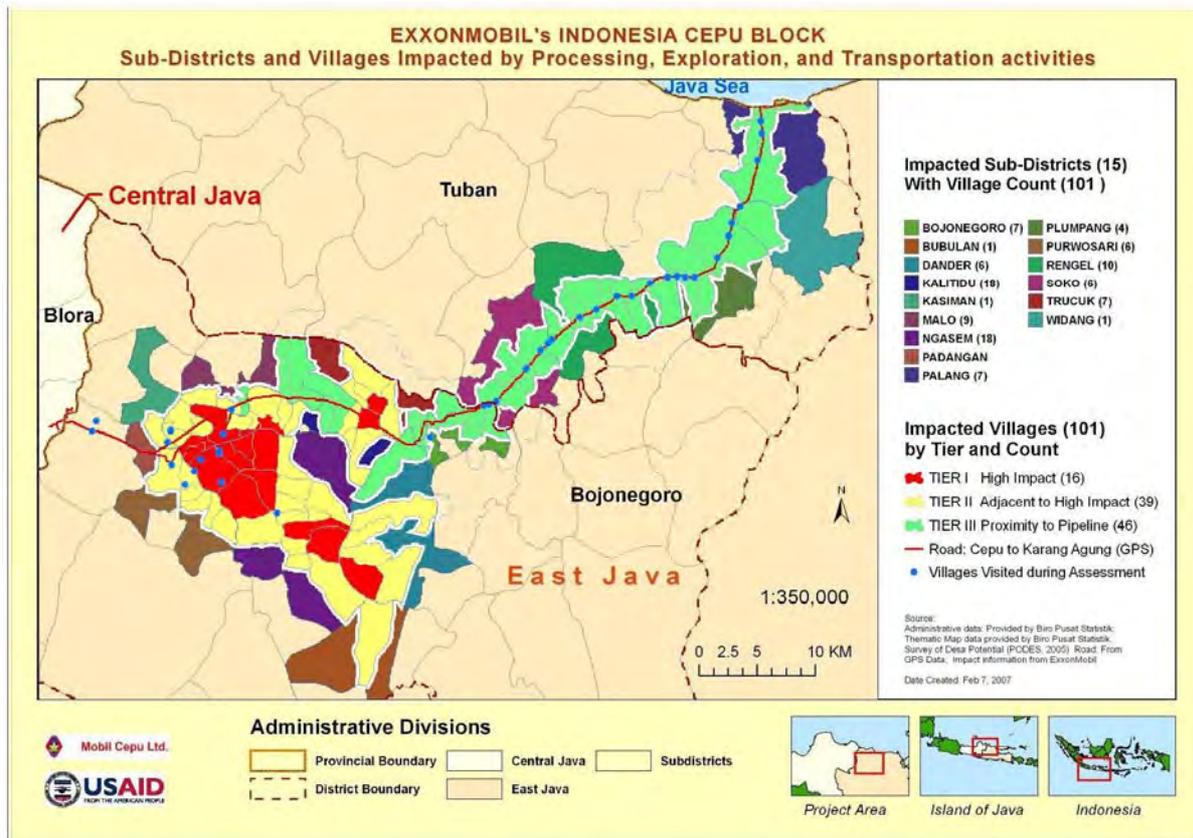


During Phase II, with updated information and additional input from MCL, DAI teams undertook a survey of a total of 121 villages in Bojonegoro (82) and Tuban (39) likely to be most directly affected by MCL operations. The communities surveyed included those near the sites of the planned Central Processing Facility (CPF) and Offshore Facility, as well as along the Right of Way (RoW) and roads in between.[4] In addition to proximity to MCL facility and operations, the initial criteria for village selection also included a number of additional primary and secondary level considerations.[5]

As a result of the more recent and comprehensive survey of the villages in the region, the teams collected baseline information, data on village-based organizations, local NGOs, and their leaders. They also collected data on village infrastructure, access to key resources and spatial data (GPS readings) to enable accurate mapping of villages and resources. Surveyors also conducted key informant interviews in each of the villages.

Among other benefits, the results of the survey and subsequent analysis provided the basis for informing MCL decision making on the selection of villages to participate in the MCL CDP as well the program's direction and scope. The team's efforts also helped engage and inform stakeholders at the village levels and set the stage for obtaining more qualitative data through activities under Output 2. Finally, information obtained through the survey helped establish baseline data against which EMOI and MCL can judge impact of its presence over time.

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[4] The 121 villages are located in 16 sub-districts, 10 of which are in Bojonegoro and 6 in Tuban.

[5] Refer to Annex II for more detail on primary and secondary selection criteria for village selection as MCL CDP candidates.

DAI presented its findings to MCL, ExxonMobil and USAID to inform, generate feedback, and facilitate decision making on the selection of villages on which to focus programmatic attention. The data collected from the survey and subsequent analysis assisted in identifying villages to benefit from the "Quick Hits" activities MCL decided to fund as well as to inform the type of assistance participating communities were seeking. Finally, data from activities from this and the other activities undertaken subsequently as part of Phase II also helped DAI to develop for MCL a comprehensive database with all of the critical information accessible for future needs regarding programming, monitoring and evaluation.

The following map represents an updated version of the communities most likely to be directly effected by MCL operations. The 121 villages indicate where the survey was conducted to generate primarily quantitative data. The 50 villages highlighted in red indicate those considered most appropriate for MCL CDP support during the program's first year of full implementation.

## PHASE II AFFECTED VILLAGES
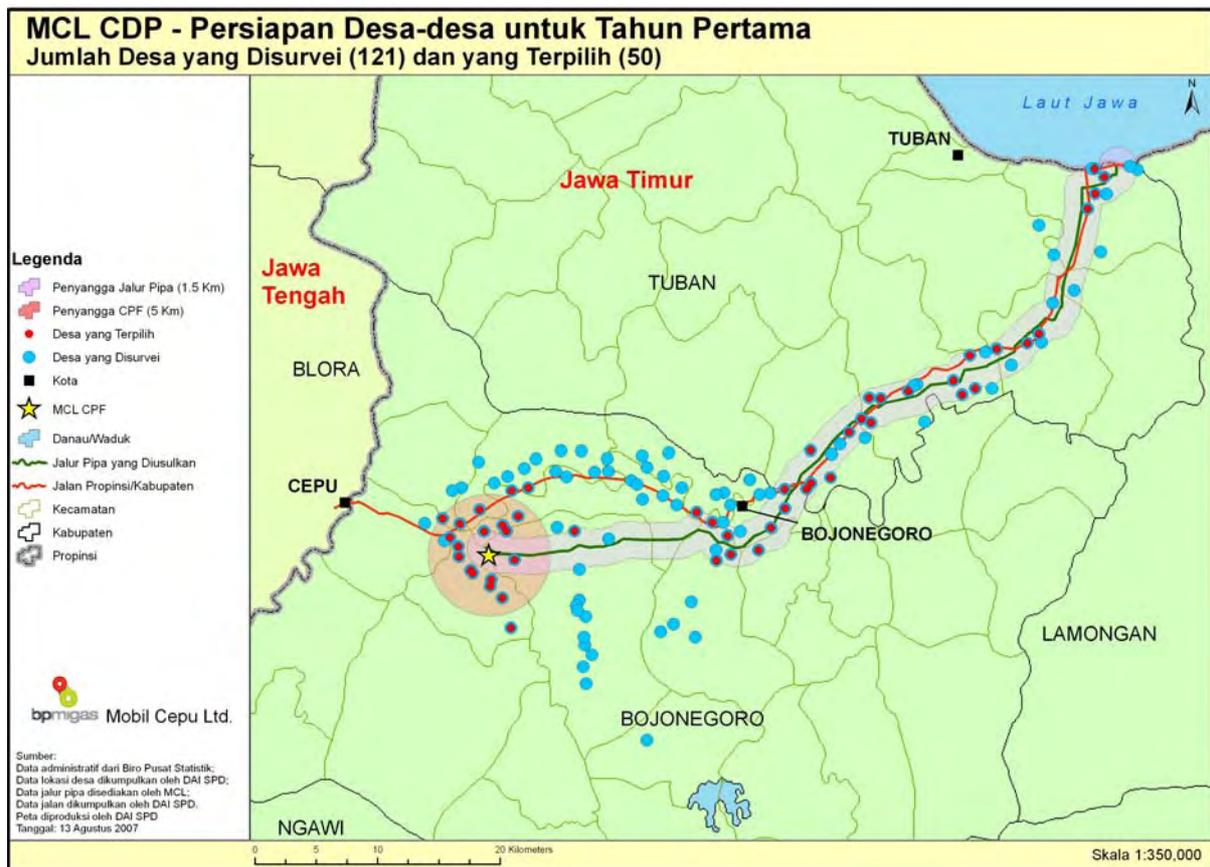
## OUTPUT 2: INITIATING CONTACT AND BUILDING RELATIONSHIPS

Activities undertaken were intended to obtain more qualitative data resulting in a detailed understanding of local aspirations and fears regarding MCL operations as well as how they might impact local communities.[6]  Following up on the initial outreach to communities begun through the survey, DAI conducted a number of focus group discussions (FGD), key informant interviews, workshops and training events involving stakeholders at multiple levels in the region.

The purpose of this set of activities was to collect additional baseline information to cross-reference with data obtained from the quantitative survey and also assess local views of stakeholder roles and responsibilities. The approach was explicitly intended to expand opportunities to engage citizens, leaders and organizations from diverse sectors and advance the early process of building positive relations with stakeholders at the village and regional levels. The outcome helped garner critical input on the content, direction and scope of MCL CDP while gauging local expectations on the program's approach, impact and results.

### FOCUS GROUP DISCUSSIONS AND STAKEHOLDER INTERVIEWS

The DAI Monitoring and Evaluation (M&E) Manager and Program Development Specialist led the focus group discussions (FGDs) and key informant interviews. They were supported by 6 DAI Community Development Specialists and 6 short-term technical assistants hired from Bojonegoro University. Three teams (3-4 people per team) conducted a total of twenty focus group discussions with participants selected from a representative sample of 15 villages[7]. Another 7 FGDs were conducted with representatives from across 3 Kabupaten.

Discussion and interviews with stakeholders were an integral part of Phase II activities. This engagement uncovered information that helps inform the direction, scope and implementation of Phase III strategies, plans and activities.  It also helped illuminate the perceptions and aspirations of stakeholders regarding local development, and benefit from local perspectives on the roles and responsibilities of various stakeholders (e.g., MCL, government agencies and local communities) in leading development initiatives. These conversations also provided the opportunity to expand and build relations between MCL and local communities and other key constituencies.

Participants included village leaders (both men and women) and representatives from women's and youth groups, associations, and regional businesses, civil society and government, as well as those active in the education and health sectors. Two teams (2 persons in each) conducted additional interviews with key informants to gain more detailed and focused input from stakeholders including MCL staff members working in the region.

The facilitators used a number of key themes to engage participants, guide group discussions and interviews, and elicit feedback.[8]  Among the themes were consideration of values, including

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[6] "Community" refers to a group of people bound together by shared social, economic or spiritual needs, goals and aspirations. It encompasses village-centered communities, as well as political groups, government institutions, civil society organizations and agricultural producer groups.

[7] Please note map of the communities participating in the focus group discussions including as Annex III.

[8] For additional detail regarding specific focus areas and themes, please note the "Guide for Focus Group Discussions (FGD) and Key Stakeholder Interviews" included as Annex IV.

perspectives on equity, identity and participation. Livelihoods was another theme, with particular emphasis on education, health, economic assets and both social and economic networks.[9] Relationships also figured prominently as a discussion theme, including considerations involving government, leadership at the regional and local levels and decision making dynamics within communities. Facilitators also sought feedback on conflict, especially the means for mitigating it as well as events or acts likely to serve as "triggers" or precipitants. Feedback was sought on security and safety including law and order and public safety as well as on environmental concerns. Facilitators used visual aids to help promote discussion about MCL CDP's goals, objectives, approach and illustrative activities.[10]

Information provided during discussions and interviews helped guide planning and implementation efforts and serves as a qualitative baseline for future monitoring efforts. By encouraging reflection and observation, the approach helped not only to enrich understanding of local communities but also to inform planning, approaches and implementation efforts so they can better build on existing capacities and be more responsive to local aspirations.

## TRAINING, WORKSHOPS AND PLANNING FOR QUICK HITS

In order to continue expanding contacts and building relationships with local stakeholders, DAI provided ***Personal Empowerment and Awareness Training.*** The purpose of the training was to provide a psychological and practical framework for achieving sustainable personal and organizational growth.

The objectives of training provided were to:

- Build a strong foundation of leadership so that participating communities assume greater responsibility for, and control over, their resources;

- Develop trust and discover common goals; and

- Assist MCL to develop and disburse the "Quick Hits" funding through the Cluster Planning.

A total of 347 people benefited from the training—village leaders from all 121 villages and 84 participants from the district level, including Dinas, NGO and association representatives.

Feedback from participants indicated an overwhelmingly positive experience. Stakeholders participating expressed "*more confidence and creativity for building success in the future*" and felt "*inspired and motivated to try new things*" as a result of a type of training many said they had never previously experienced. They also indicated an eagerness to attend similar, follow-on trainings in personal empowerment and leadership as well as gratitude to MCL and USAID for supporting such opportunities.

As indicated in the chart (following page), DAI sought to ensure that participants in the training reflected balance in terms of gender, village and district level representatives, as well

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9 Livelihoods: Conceptually, implies the means, activities, entitlements and assets by which people make a living. Assets are defined as natural (i.e., land, water, common-property resources), social and political (i.e., community, family, social networks, participation, empowerment), human (i.e., knowledge, skills), and physical (i.e., markets, clinics, schools).

10 See "*Program MCL untuk Pengembangan Masyarakat* (MCL PPM)" as an example of visual aids in Bahasa Indonesia used in meetings with local stakeholders in describing key approaches and components of MCL CDP as Annex VIII.

inclusiveness—through participation of leaders from all districts and villages likely to be directly affected by MCL operations.

**Participation in the MCL CDP Personal Empowerment Training**

| Group # | Kabupaten | Female | Male | Total |
|---|---|---|---|---|
| | **MCL CDP Personal Empowerment and Awareness Training—Participant Count** | | | |
| 1 | Tuban | 16 | 23 | 39 |
| 2 | Tuban | 18 | 21 | 39 |
| 3 | Bojonegoro | 24 | 33 | 57 |
| 4 | Bojonegoro | 20 | 30 | 50 |
| 5 | Bojonegoro | 18 | 22 | 40 |
| 6 | Bojonegoro | 14 | 25 | 39 |
| | **Village Total** | **110** | **154** | **264** |
| | *Percent of Total* | *42%* | *58%* | |
| 1 | Tuban Kabupaten | 17 | 21 | 38 |
| 2 | Bojonegoro Kabupaten | 7 | 21 | 28 |
| 3 | Bojonegoro Kabupaten | 7 | 11 | 18 |
| | **Kabupaten Total** | **31** | **53** | **84** |
| | *Percent of Total* | *37%* | *63%* | |
| | **Grand Total** | **141** | **207** | **348** |
| | *Percent of Total* | *41%* | *59%* | |

LINKAGES TO "QUICK HITS" PROCESS

Building upon the accomplishments from the training sessions and rapport established with participants, DAI in close collaboration with representatives from MCL and USAID initiated a two-day planning session to engage stakeholders and especially leaders from the 121 villages and representatives from local government in planning cluster based activities MCL expected to finance through its Quick Hits program. The planning sessions helped participants put into practice the very lessons they learned from the training they had just received while also permitting MCL to work effectively with communities and local government officials to help identify priorities for MCL financed activities.

Training groups were separated into planning clusters—with at least 2 clusters per group in which facilitators helped participants to put into practice the lessons of the Personal Empowerment training—including harmony, self-regulation and focusing on results that reflect the broader good. Facilitators clearly defined for the participants the parameters guiding the planning session.[11] For example, ExxonMobil and MCL provided a list of the types of projects they would fund, and the types they would not fund. Participants in each planning cluster were provided a figure for total funds available, which averaged about $75,000 per group (or IDR 700,000,000).

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[11] For greater detail on planning parameters for the Quick Hits planning sessions, please see Annex V.

Participants were advised that projects to be selected for MCL funding should be agreed upon by all villages in the cluster—the multi-village system should benefit from or "expand" through the project. At the end of the cluster planning session, each cluster group presented their results to the larger training group along with specific information regarding the outcome of the planning session. Priorities for funding that were agreed upon were written on a large sheet of paper and signed by all members of the cluster group. Through this process, stakeholders identified 13 water, sanitation or health units to be developed or rehabilitated; 15 schools to be constructed or renovated; and numerous improvements for small-scale village-level infrastructure to be built, including bridges, multi-purpose function halls, irrigation pumps, extended irrigation systems and road improvements.

**Clusters Formed from among 121 Villages to Plan Quick Hits**
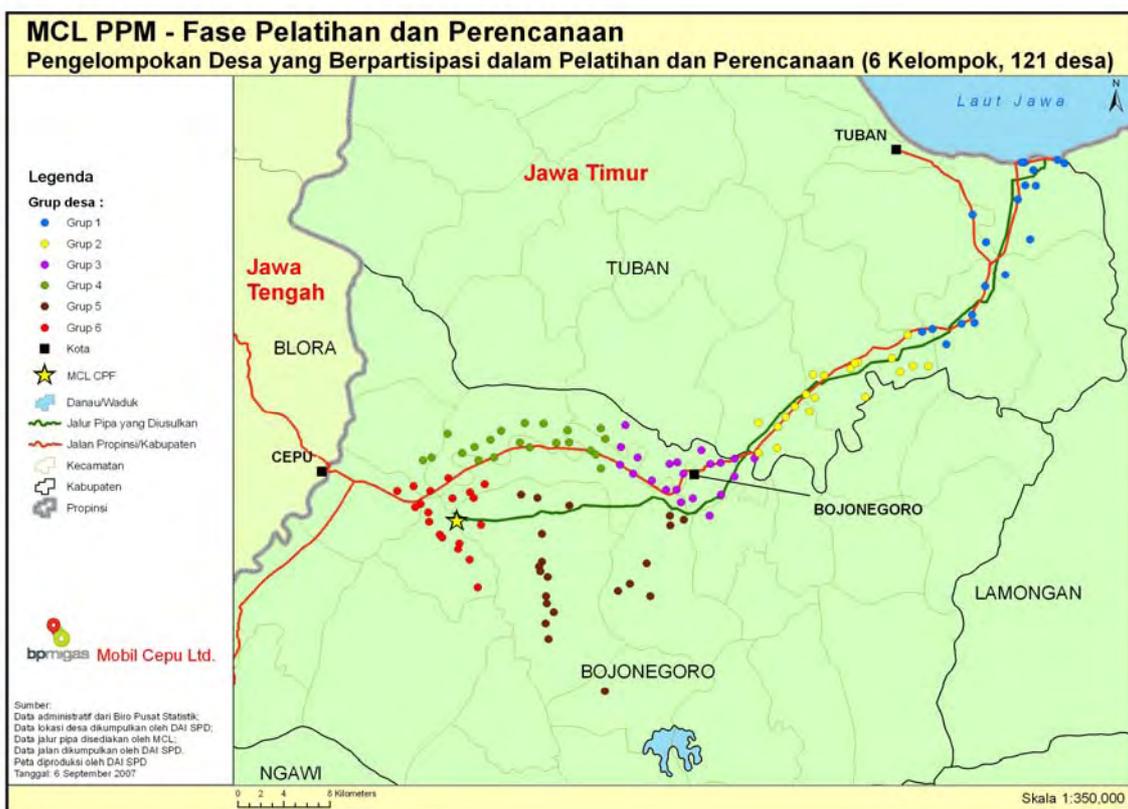


A contact person was designated by each cluster group to arrange for more detailed discussions with MCL on project proposals and associated budgets. Village based mentoring and resource management training provided by IRE (a local NGO) encouraging improved governance and better infrastructure in participating villages supported this initiative. DAI was also prepared to provide technical assistance including the provision of engineers to support Quick Hits implementation with any available funds remaining at the conclusion of Phase II. Finally, DAI provided a full set of quantitative data for 121 villages that helped inform the planning processes for "quick hits" activities and as previously indicated will also serve as baseline for measuring impact of MCL CDP over time. The flow chart on the following page presents a summary of the steps and activities leading up to the identification of Quick Hits projects for MCL funding and implementation.

**USAID-ExxonMobil Partnership, MCL Community Development Program**
**Phase II: Flowchart of Key Events and Decisions**

Village Quantitative Primary Data Survey

Establish Village Selection Criteria

Select MCL CDP Villages

Village Qualitative Data Survey

Select Training Participants

Advisory Structure Development

Regional Level Empowerment & Leadership Training

Village Level Empowerment & Leadership Training

Regional training participants are encouraged to support and facilitate village cluster planning

Village Cluster Planning

Quick Hits Implementation Support

Advisory Structure Established

For example, engineer for design and monitoring of small-scale infrastructure construction

*Parallel activities not supported by Partnership funds*

Establish Quick Hits Budget & Project Parameters

Village Representative Management Training

Select Quick Hits Projects from Village Cluster Plans

Quick Hits Implementation

Note:
(1) For village level training, 120 villages x 2 participants per village = 240 participants. Six 5-day training courses will be conducted, 40 trainees per course. At the end of training, on the 6th day, participants will be split into 2 "clusters", about 10 villages per cluster (total about 12 clusters).

(2) For regional level training, three 5-day training courses will be conducted, 30 trainees per course (total about 90 participants). Participants will provide support to and help facilitate village cluster planning, and selection of Quick Hits projects from resulting cluster plans.

Phase II Final Report on Activities, Outputs and Recommendations for Implementing MCL CDP.

## OUTPUT 3:  COMMUNITY DEVELOPMENT ADVISORY COUNCIL

DAI recommended a number of options at the conclusion of Phase I for ensuring effective governance of the MCL Community Development Program (MCL CDP).[12]  Two significant requirements were highlighted:  first, professional management of the overall program and its investments and, second, effective engagement and participation in decision making of key stakeholders in the region.

The focus of this Output is on the second requirement for program governance: effective engagement and participation in decision making of key stakeholders through the proposed Community Development Advisory Council. The Advisory Council will be a critical component of overall program governance and will ultimately serve as the center for MCL CDP information exchange and learning. Recommendations presented here build on discussions between DAI and ExxonMobil, MCL, USAID and stakeholders in Bojonegoro, Tuban and Blora District. They draw upon lessons learned, best practices and appropriate models from other areas in Indonesia and elsewhere.

### WHY ESTABLISH AND SUPPORT AN ADVISORY COUNCIL?

Interaction with stakeholders in the field—government officials, NGO representatives and village leaders—highlights the challenge MCL faces in improving local understanding of its business environment and plans and, associated with this, in building successful partnerships for local development and demonstrating sensitivity and responsiveness to community values. MCL needs a partner to facilitate broad community outreach and communication, particularly in regards to the implementation of the MCL CDP. This partner would complement and reinforce similar outreach work being done by units internal to MCL (e.g., Public Affairs).

A partner is also required to provide guidance and assistance to MCL in the implementation of the MCL CDP. The Advisory Council would serve as the primary facilitator of civil society participation in program governance. In this role, the Council would not displace or duplicate existing structures, but rather work with principal stakeholders including MCL, civil society and local officials, to ensure that approaches, initiatives, and activities support the achievement of program objectives while accommodating local values and traditions.

As stakeholders in MCL CDP—potential recipients of funding and participants in program activities—local government offices and NGOs are not suited to perform these roles and provide the independent support and guidance necessary. Indeed, they are critical partners in other respects, as key collaborators and implementing partners. A more suitable approach would be to form the Advisory Council to serve as the partner to MCL in implementing MCL CDP.

Although funded by MCL, the Advisory Council would by design and in operations be external to MCL and the contractor implementing MCL CDP. Its staff will possess technical capacity and will be responsible, albeit with assistance from the contractor, in designing its annual work plans based on the Advisory Council's assessments of local needs. This capacity will ensure that the Advisory Council will provide MCL with both timely and independent strategic advice and type of guidance sought.

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[12] Program "governance" refers to management of the program, implementation of initiatives, control of program finances, and responsibility for ensuring that activities have the intended results and that specified objectives are fulfilled.

The Advisory Council will have institutional objectives that reflect the fundamental principles of the MCL CDP: (1) *Provide advice and guidance to MCL on local development needs and priorities, and* (2) *help MCL build successful partnerships for local development through effective communication among and between key stakeholders.*

The main outputs of the Advisory Council will be to:

- Establish and maintain program governance structures and processes that inform, validate, and lead community-driven development;
- Nurture good governance[13] in participating communities and the region; and
- Engender substantial and sustainable community involvement for improving community livelihoods[14] and well-being.

## WHAT WOULD AN ADVISORY COUNCIL DO?

During the first three years of MCL CDP, the Advisory Council will provide only advice and guidance to MCL, and assistance in building partnerships necessary for achieving MCL CDP objectives. It will have no executive authority or funding responsibility with regard to the MCL CDP. At the same time, the Advisory Council could grow to assume implementation and financial management tasks from the Contractor as appropriate, while retaining its capacity and mandate to link MCL and local stakeholders, and help define longer term local development priorities.

More specifically, the Advisory Council will on a regular basis:

1. *Provide strategic guidance and direction regarding MCL CDP* to MCL to ensure that it fulfills its goal of being a good corporate citizen and neighbor. It will provide critical feedback on the design and impact of investments in regional and community development.

2. *Provide feedback on MCL CDP progress in meeting commitments* to MCL, specifically in regards to regional and community development and the use of best practices, and adherence to standards for transparency, accountability and respect for local values.

3. *Build relationships and effective partnerships* between and among stakeholders in the region. It will facilitate effective and efficient communication with stakeholders—local government, NGOs and villages—on MCL CDP plans and activities, and coordinate with other actors in the region to ensure that investments do not duplicate or replace those of other donors.

4. *Ensure MCL CDP decision makers have adequate and accurate information on local needs and priorities*. This will ensure that MCL investments in local development respond to local aspirations as expressed at the village and regional levels, particularly in areas most directly affected by MCL operations.

5. *Measure and report on outputs and impacts of MCL CDP activities*. It will collect data, for example, on structures built and training events, and how assets provided are used and new

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[13] Defined here as effective leadership and efficient management of social and economic development.

[14] "Livelihoods" is defined here as the means, activities, entitlements and assets by which people make a living. Assets are defined as natural (land, water, common property), social and political (community, family, social networks), human (knowledge, skills), and physical (markets, schools, clinics).

skills employed. It will also collect information on progress made in improving local leadership and effective management of social and economic development.

The Advisory Council comprises three basic components:

*Executive Office*. Leads and manages functional units, consolidates and presents information to the Leadership Committee, and is the main point of contact with MCL and other principal stakeholders.

*Functional Units*. Information, Planning, Assessment and Coordination Units provide on-going administrative, operational and technical support to the work of the Advisory Council. Monitors and reports on MCL CDP performance and promotes broad based, informed stakeholder participation in the overall program.

*Leadership Committee*. Provides periodic (e.g., quarterly) strategic guidance and advice to MCL. Members drawn from civil society, local government and MCL, thereby engaging representatives from principle stakeholders on issues at the macro policy level.

## ADVISORY COUNCIL STRUCTURE
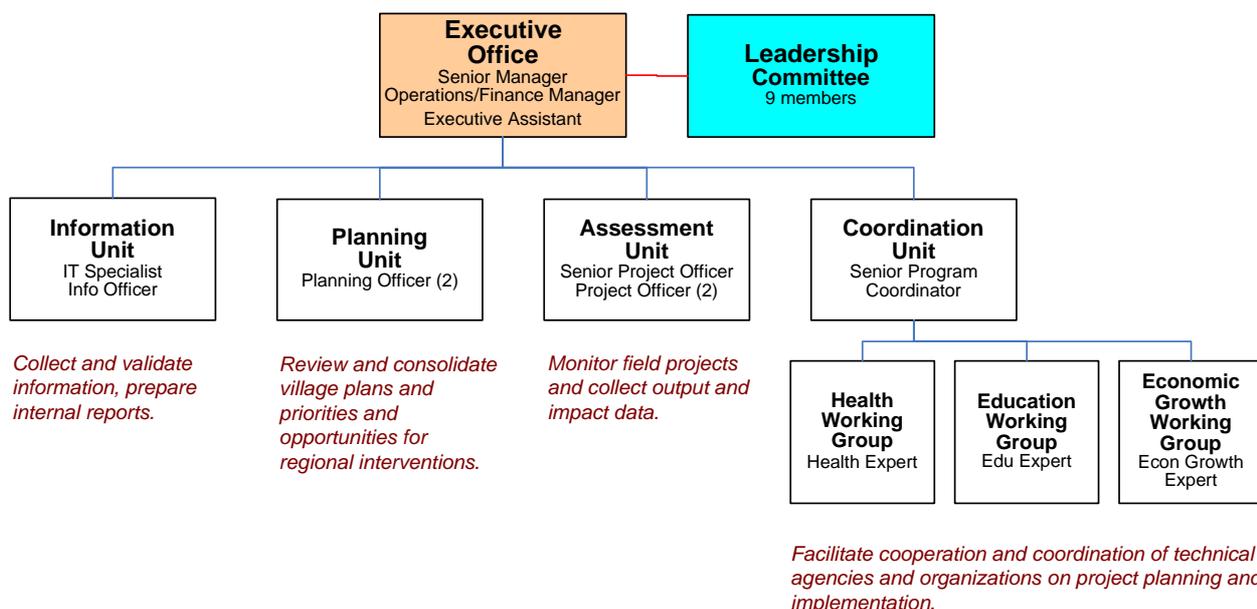


### ROLES AND RESPONSIBILITIES

Executive Office (3 persons). The Executive Office is responsible for daily management of the functional units and ensures the Advisory Council has the information required to effectively provide guidance and advice to MCL. It ensures that functional units have the administrative, logistical and technical support necessary to fulfill their roles and responsibilities. It manages and ensures an efficient flow of information from functional units

to the Leadership Committee. A Senior Manager leads the Executive Office and thus the Advisory Council, and is the primary liaison to MCL.

Functional Units

*Information Unit* (2 persons). Ensures that data on local needs and priorities, and program outputs and impacts, are collected, complete and accurate, and that they are stored in the MCL CDP database.

*Planning Unit* (2 persons). Assists stakeholders, mainly at the village level, to collect and prioritize local needs, and identifies opportunities for regional interventions. It shares this information with private sector groups and government planning agencies at multiple levels.

*Assessment Unit* (3 persons). Monitors activities and collects output and impact data. It is responsible for effectively and independently assessing and measuring impact and performance of MCL CDP efforts, thereby providing the basis for improved planning and coordination with stakeholders.

*Coordination Unit* (4 persons). Facilitates cooperation and coordination with technical agencies and organizations on project planning and implementation. It solicits and strengthens cooperation and provision of technical assistance with government agencies and other technical groups working in the area, with a focus on health, education and economic growth initiatives. With more staff than the other units, this unit has strong technical capacity to provide necessary support and promote effective integration of development efforts at village and regional levels.

Leadership Committee (9 persons). As represented in the graphic on the following page, members will be drawn from MCL, local government, and civil society. The *Bupatis* from Bojonegoro, Tuban and Blora Districts will select three representatives. A senior MCL representative based in the Cepu Block area will serve as Chairperson for the first year of operation. To ensure the Leadership Committee is truly representative of local communities, a majority of the Committee's members (i.e., 5 of 9) will be drawn from civil society organizations. In contrast to the other components of the Advisory Council, the Leadership Committee will meet only periodically (e.g., quarterly), and provide strategic guidance and advice to MCL on local development issues.

# Advisory Council Leadership Committee



## IMPROVING ENGAGEMENT THROUGH A MULTI-STAKEHOLDER APPROACH

The concept and approach to the Advisory Council—including the functional units and the leadership committee—has been further developed during Phase II to improve the mechanism's capacity to facilitate and more effectively engage local stakeholders. Rather than excluding local government, the structure now anticipates active engagement—especially through the Leadership Committee—of representatives from MCL, civil society and those named by the *Bupatis* in the 3 districts.

In addition to fostering collaboration and partnership, the Advisory Council provides a structure for anticipating and addressing tensions and resolving conflicts. Finally, it also provides MCL the capacity not only to provide informed feedback through monitoring and evaluation efforts but also with a regionally based structure with the potential to assume a more dynamic role in the future—as a vehicle for channeling future MCL funding and executing program activities beyond MCL CDP's first three years.

## STAKEHOLDER PERSPECTIVES ON THE ADVISORY COUNCIL'S ROLE AND RESPONSIBILITY

In November 2007, DAI teams conducted a number of focus group discussions and interviews with representatives from key stakeholders, including MCL staff, in the region to garner feedback on efforts to ensure effective communication and engagement of stakeholders, especially concerning the Community Development Program.

Representatives from villages, local government and NGOs, civil society organizations (including discussants from University of Bojonegoro) all expressed a level of concern about access to MCL and challenges of coordination with the company with respect to community development planning and implementation. In discussing the type of approaches likely to

help address these concerns, the participants from these sectors identified many of the key components of the Advisory Council even prior to learning about MCL's potential support for establishing such a mechanism. Upon learning about the Advisory Council's proposed structure and role, all of these stakeholder representatives expressed considerable support for it and optimism that their interests would be fairly represented. In discussing the Advisory Council's proposed role and responsibilities, they assigned much greater importance on the technical and professional capacity of the structure and its staff as opposed to its autonomy or independence from MCL.

Feedback from MCL representatives in the field on the role and responsibilities of the Advisory Council was quite different from the other stakeholders in the region. This divergence in perspectives on the Advisory Council is noteworthy for a number of reasons and the nature of the feedback from MCL representatives in the field seems broadly associated with related concerns.

The first of the concerns expressed by MCL staff was over the role and responsibilities of MCL (especially Public Affairs) as compared to those associated with the Advisory Council and the Contractor (or implementing organization). The second concern regarding the role of the Advisory Council was that it appeared this type of mechanism for engaging local stakeholders ran the risk of "feeding the tiger" or empowering those with the potential to obstruct rather than facilitate MCL operations or community development.

As opposed to the opportunities for the Advisory Council to serve as a mechanism for more effective communication and positive engagement of stakeholders, MCL field staff remained focused on security concerns and expressed doubts about the efficacy of an Advisory Council as a professional organization capable of improving community development programming and relationships. MCL field staff members are more likely to believe that MCL Public Affairs is better placed to manage a comprehensive development program over the short- and long-term and avoid the risk of empowering potential obstructionists in the process.

Some of the viewpoints expressed appear to be the result of a lack of information; about half of the MCL participants did not adequately understand the basic premise behind the MCL CDP nor did they have much information on collaboration to date between MCL and USAID/DAI.[15] When provided additional information about the Advisory Council and that its key characteristic would be its professionalism, with MCL as donor, concerns about the Council's autonomy diminished and participants were much more supportive of the concept. Finally, most MCL field personnel involved in discussions believe communities want infrastructure projects, whereas the feedback from communities clearly indicates greater preference for other priorities such as improved skills to prepare themselves (and youth) for economic opportunities.

Feedback on the Advisory Council from local officials, civil society and villages was equally noteworthy since enthusiasm for the role of the Advisory Council reflected an opportunity or structure viewed as helping address their concerns about, and a degree of frustration with, MCL. In Bonorejo, Bojonegoro, for example, village participants indicated they were confused as to how to communicate and coordinate with MCL and admitted to being a bit intimidated. They expressed a viewpoint that MCL appeared closed to discussion—pointing out that one knows where the MCL office in Bojonegoro is located because it has the most guards in front of it. Community members indicated that the flow of funds for ongoing

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[15] One field coordinator stated that he had thought that from DAI's presentation to a meeting of village representatives in Bonorejo, Bojonegoro, the CDP and Advisory Council were already agreed to and underway.

projects is confusing and slow, where there can be months between phases of a project without much communication from MCL.

Villagers participating in discussions expressed desire for clear principles, criteria and guidelines for all MCL activities so that they have a better understanding of answers to the fundamental questions of: "Who is doing what, where, when and why?" In terms of aspirations and priorities, they value the acquisition of technical skills related to both management and livelihoods so that they can improve opportunities and local governance.

Participants from the University of Bojonegoro also expressed enthusiastic support for the role and responsibility of the Advisory Council. Feedback should encourage MCL to improve efforts to engage communities directly and improve the level of communication, indicating preference for sustained programming and not just training without follow-up. These participants also expressed a level of frustration about MCL's current level of communication and coordination with other stakeholders. Finally, while they were strongly supportive of the Advisory Council mechanism they also expressed some concern about its independence.

Participants from Non-Governmental Organizations (NGOs) in the region also indicated both support for the Advisory Council along with a level of doubt regarding MCL intentions. They very much like the multi-stakeholder approach and see that the Advisory Council as an effective structure to accomplish this. At the same time, NGO representatives indicated that the prospects of the Advisory Council's success would depend upon MCL's willingness to let the Council perform as intended. They were disappointed that "Quick Hits" process did not involve NGOs. With regard to MCL CDP priorities, they believe that priority beneficiaries should be people who are losing land and livelihoods.

Local NGO representatives admitted that there are a number of such organizations that are not very good or reliable and that they tend to compete with each other for funding. They endorsed the effort to conduct a more in-depth assessment of local organizations so that MCL can have a better indication of which ones could serve as effective partners. Finally, NGO representatives consider *Musrenbang* as essential and that MCL CDP should work closely with *Pemda* to coordinate its efforts.

*Pemda* representatives, like those from villagers and civil society, expressed enthusiastic support for the Advisory Council, its proposed role and responsibility. They are very interested to know where Pemda fits in and how much MCL is willing to work with them. They valued in particular the Advisory Council's aim of accommodating the interests of the three major stakeholders—Pemda, MCL and communities—agreeing that the communities' interest should come first. They also supported the structure's role to minimize tension and endorsed its role in helping to resolve conflict. As with their counterparts from the University, Pemda representatives emphasized that implementation is key: While the concept is very positive, MCL support for the Advisory Council's operation and its mandate will be essential for it to succeed.

## Primary Roles of Key Actors
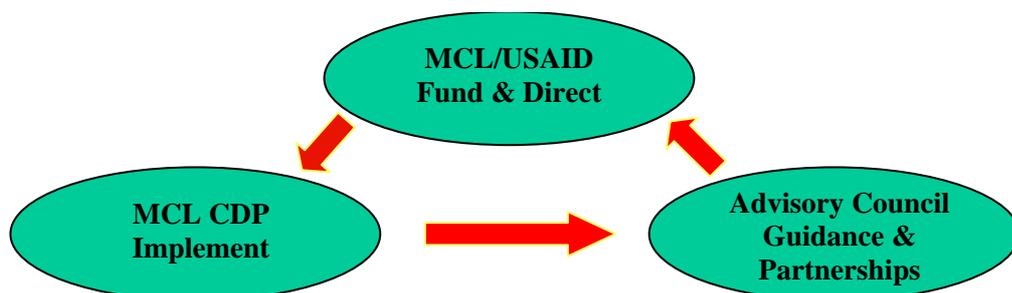
To address concerns that the Advisory Council will have either too much influence or not enough, it will be important to clearly differentiate the primary roles and responsibilities of key actors and to be transparent with key constituencies on these expectations. Simply put, and as indicated in the graphic on the previous page, the contractor should focus on implementation with local partners, with ExxonMobil, MCL and USAID providing programmatic direction and funding; while the Advisory Council should provide MCL and USAID strategic guidance, a framework for partnering and evidenced based input and advice based on findings from its monitoring efforts.

## OUTPUT 4:  LOCAL ORGANIZATIONS AS POTENTIAL PARTNERS

Through consultations with NGO representatives and other stakeholders in the region, the results of our assessment found that there were very few local NGOs and most of these operated with a very limited scope, shallow technical capacity and generally weak management. Currently, there are no local NGOs that have the capacity to serve as effective partners for MCL in contributing to sustainable community development beyond a village or cluster basis. DAI's recommendation is that MCL support targeted efforts, through the Community Development Program, to engage and strengthen capacity of these NGOs and community-based organizations in cases where they are trusted by the communities so that their increased capacity can expand their geographic, technical and managerial scope of operation and assume greater responsibility as MCL partners beyond the initial three year period of the program.

Where local NGOs are representative and trusted locally, as well as interested in working within the MCL CDP framework, there can be meaningful engagement, coupled with efforts to build existing capacity to manage and lead development programming. Where there are existing community based organizations at the village-level, or representing clusters of villages such as Semar in the CPF area, MCL CDP can and should engage them directly to manage activities, build local capacity and support efforts to create critical mass of able local leaders.

Where there are no viable local partners, either local organizations or trusted NGOs, MCL CDP can and should engage directly with village leadership to conceive and develop community-based organizations. Like other partner organizations, these organizations will be trained, mentored and involved in all aspects of program leadership and management in an effort to create sustainable, community-based initiatives and management skills.

For MCL CDP activities at the village level, developing appropriate mechanisms for channeling funds will be critical to adhering to established development principles (e.g., engaging local communities) and achieving program objectives (e.g., building on local capacity). If mechanisms are successfully established and local capacity increased, MCL CDP will be contributing to an effective exit strategy at the same time it is contributing to the sustainability of community development initiatives.

Several options are available and should be considered with the benefit of results from a more comprehensive assessment of local capacity to administer and support MCL CDP activities.

With regard to civil society organizations, MCL has developed relations with numerous local NGOs that claim to be active in and around the CPF and proposed Right of Way impact areas. These organizations have been active advocates for locally managed development and have often fallen on the side of adversary rather than working partner of MCL and government. However, these same organizations can serve as a funding mechanism and partner organization in implementing MCL CDP initiatives at the village level with initial, intense capacity building to ensure responsible management and accounting practices, program implementation and monitoring, and reporting. Support and training will also involve significant oversight to ensure that the NGOs are able to make the transition from advocacy to program implementation.

Existing community-based organizations including village cooperatives and other community-based interest groups play a significant role in the economic (and political) life of local communities. They can be found in most villages in Bojonegoro, Tuban and Blora. These groups are as local as it gets and may serve as critical partners in developing an ideal funding strategy assuming proper training, mentoring and oversight can be established. Capacity building, as well as funds disbursements and tracking will be more complicated in that there could be as many recipients of funds as there are villages engaged by MCL CDP. This potential gap could be addressed at least in part by the Advisory Council that could over time be charged with providing technical and financial oversight in addition to its role in monitoring and evaluation.

Finally, where there are currently no appropriate local NGOs or other interest groups, MCL may find that establishing new community- or cluster-based organizations is the best option. This requires a genuine interest on the part of relevant beneficiaries (e.g., village communities) to select members and manage the organization. This approach has been successful in other development programs in Indonesia. It requires robust monitoring and oversight to ensure professionalism, but in the end it does put responsibility in the hands of local communities and often results in greater buy-in by these same communities.

# IMPLEMENTATION STRATEGY AND PLAN

The first half of this report provided a summary of the activities undertaken during Phase II along with the corresponding outputs and results. The second part of this final report that follows draws upon these results to inform MCL CDP's strategy and approach, with particular emphasis on a plan for its full implementation.

## BACKGROUND

The following provides a brief review of the key components of MCL CDP's strategy and design components including those proposed upon the conclusion of Phase I, updated and modified in some cases as a result of findings from Phase II, and that continue to be directly relevant to Phase III, or the full implementation of MCL CDP.

### MCL CDP FRAMEWORK: APPROACH, GOALS AND OBJECTIVES

Phase I activities resulted in a framework for a comprehensive community development program, specifically the MCL Community Development Program or MCL CDP. Developed in close consultation with ExxonMobil, USAID and the region's stakeholders, the framework summarized below remains relevant to stakeholders in the Cepu Block area.

| Improved & Sustainable Economic Growth | Civil Society Engaged in Development Process | Improved Community Well-Being |
|---|---|---|
| Job Skills and Opportunities Created | Community & Civil Society Organization Capacity Strengthening | Community/Public Health Improvement |
| Enterprise Development | Action Plan Development Implementation & Monitoring | Community Infrastructure Construction |
| Business Competitiveness | Partnership Development | Education Improvement |
| Finance for New and Existing Businesses | Leadership & Management Strengthening | Information Dissemination |

| BUSINESS ORIENTED GOAL | DEVELOPMENT ORIENTED GOAL |
|---|---|
| MCL viewed as valuable, responsible corporate citizen and neighbor in the Cepu Block area. | Sustainable community development & well-being built upon existing community assets, values and aspirations. |

Feedback from more recent and quite extensive consultations during Phase II made clear that a wide range of stakeholders throughout the region consider the goals, objectives and illustrative activities outlined at the conclusion of Phase I remain valid and are considered appropriate for MCL CDP. The values that form the basis for MCL's engagement and development approach as well as the principles that informed the design should continue to serve as a guide for the program's full implementation.

MCL CDP's goals must take into account not only MCL's business model—which gives due emphasis to meeting construction milestones and production targets—but also the demand for classic development model and multi-stakeholder approach that favors broad participation in planning and a firm commitment to engaging local stakeholders in an ongoing process. The MCL CDP's objectives—referenced in the graphic above and following narrative—are consistent with ExxonMobil's pillars. Furthermore, both the participatory process of inclusion envisaged and likely activities will yield tangible and measurable results.

**Objective 1: Improved livelihoods and economic growth** resulting in communities that thrive while MCL is operating in the region and long afterwards.

**Objective 2: Effective civil society engagement in the development process** and capacity-building to lead that process, resulting in communities that govern themselves and in which MCL is a valued citizen.

**Objective 3: Improved community well-being** through enhanced access to, and quality of, health, education, infrastructure, and basic services in areas where MCL is operating—resulting in strong community support without incident for continuing production.

Major results associated with these objectives include:
- Sustainable improvement in economic growth and livelihoods in participating communities and the region;
- Good governance[16] practiced and nurtured in target communities; and
- Community well-being enhanced through a process of community-driven development that is adopted, adapted and sustained in the Cepu Block area.

## MCL CDP STRATEGY UPDATED

One of the primary objectives of Phase II was to make preparations for the program through a consultative process resulting in a platform from which to launch MCL CDP's full implementation. The activities and outcomes achieved during this phase have largely met this objective. The following provides an updated or modified strategy for MCL CDP's implementation, based on more recent data and more extensive consultations conducted during Phase II as well as additional feedback from stakeholders.

Regarding overall management of MCL CDP, DAI recommends that ExxonMobil continue the successful approach employed to date, of engaging a professional development organization ("Contractor") through a public-private partnership with USAID. This approach provides multiple benefits including additional and complementary technical and managerial capacity to ensure key objectives are achieved as well as operational efficiency to ensure timely and accountable operation and administration of MCL CDP.

There is a risk that BP Migas, the pertinent regulatory body, may not look favorably upon the continuation of this Public-Private Partnership (PPP), thereby causing MCL potential difficulties in recovering costs invested in support of social and economic development through MCL CDP. At the same time, past considerations suggest BP Migas regulators may view such a continued partnership between MCL and USAID favorably, especially if the content and approach of MCL CDP is responsive to the relevant AMDAL requirements and responsive to the Government's interest in advancing standards associated with corporate

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[16] Defined here as effective leadership and efficient management of social and economic development.

social responsibility. In any case, it seems worthwhile to test the proposition by engaging BP Migas as a stakeholder, presenting the goals and objectives of the proposed program and details as appropriate about MCL CDP's implementation and anticipated results. Finally, in this regard, ExxonMobil considerations for cost recovery may not prove paramount if the regulatory body's preference for a potentially unsuitable alternative enhances the risk of failure for MCL to effectively engage the community, produce favorable development results and garner the social license necessary to operate successfully in the region.

MCL may also be concerned about potential drawbacks, or perceived difficulty in dealing with "bureaucratic requirements" through a continued partnership, but consideration of structuring the PPP through USAID's *Global Development Alliance* (GDA) would probably help anticipate and diminish prospects of what might seem as potentially nettlesome bureaucratic constraints, while providing ExxonMobil and MCL considerable benefits. Among the likely benefits are those of association with the US Government's official development agency; additional oversight and transparency engendered by partnering with USAID; as well as the possibility of leveraging additional technical expertise and even complementary funding in support of MCL's development objectives in the Cepu area. The USAID Administrator's recent commitment to expanding GDA partnerships threefold in the near future is also highly suggestive of USAID's interest in continuing, and ideally expanding, partnership opportunities with EMOI and MCL.

## LOCATION, COSTS AND BENEFICIARIES

In terms of MCL CDP's geographic focus, we recommend—in addition to the support for regional initiatives—program activities in 121 villages in 16 sub-districts within Bojonegoro and Tuban and in 29 or so additional villages in these districts and perhaps Blora. Rather than differentiating programmatic attention between and among those villages likely to be affected by MCL operations in the area, we suggest a more consistent approach with all identified communities meeting the program criteria for participation.

The cost of MCL CDP's 3-year effort is estimated to be $5 million per year, or $15 million over the life of the program, including operational capacity to support implementation, technical assistance, and roughly $10 million in grant funding. On this scale, MCL CDP should be expected to successfully complete development activities in 150 villages in addition to successfully implement regionally focused activities throughout the Cepu Block area by the end of the program's third year. Success of MCL CDP will be measured by the degree to which it meets the program's twin goals, demonstrating that good policies and practices make good business sense.

DAI estimates the total population 441,000 (over 116,000 families) in the 121 identified villages will be direct beneficiaries of MCL CDP village based activities as well as another 106,000 citizens (roughly 28,000 families) in an additional 29 villages yet to be determined. In addition to the total of 144,000 families expected as direct beneficiaries of village based activities, DAI conservatively anticipates another 56,000 families in the Cepu Block area to benefit from MCL CDP's regionally focused activities. The total number of direct beneficiaries from MCL CDP will be no less than 200,000 families (or 760,000 people) in the Cepu Block area over the proposed three-year timeframe of MCL CDP.

In terms of allocating program resources, DAI suggests that 65% of grant funding be directed toward village-based priorities with the remaining 35% for regional initiatives.

Funding for the creation of the Advisory Council and its effective operations would be the best first investment of grant funding allocated for regional initiatives. Other regionally focused grants should not only respond to—but also anticipate—challenges.  These include tensions posed by increased migration to the area, risks of increased incidences of HIV/AIDS, challenges to local norms and mores as well as more fundamentally, the need for effective community and regional planning efforts among multiple stakeholders to ensure the impact from MCL operations is both positive and lasting.

MCL CDP's approach for responding to village level and community based priorities will be centered on collaborating planning efforts involving local stakeholders, including community members and local government. Through participatory planning processes and capacity building activities, MCL CDP will help partners from local government and civil society in the larger community to envision and take action to facilitate positive changes and sustainable development. Community- and regional-level training events will include issues such as good governance for local development, activity planning and management, negotiation skills and conflict resolution, as well facilitation skills and personal empowerment. Developing skills and raising awareness in Bojonegoro, Tuban and elsewhere in the region will enable participants to take ownership of the development process and contribute more effectively to defining priorities and actions more broadly. Improved skill sets and institutional capacity will also help ensure that officials and civil society in the region will be better able to manage effectively and transparently the increased revenues resulting from increased tax and revenue sharing resulting from MCL's operations.

## IMPLEMENTATION STAGES, TASKS AND TIMEFRAMES

The following outlines the MCL CDP implementation plan that consists of four stages, preparation, entry, development and adoption. Through some of the Phase II activities, forward momentum and platform building efforts have already contributed to implementation efforts.

**MCL CDP Implementation Strategy—Four Stages**

| *Indicative timeframe:* | | *Buy-in from:* |
|---|---|---|
| Months 1 through 3 | **Stage 1 – Preparation and Mobilization**<br>• Brief / Engage Local Stakeholder<br>• Hire/Train Staff (CDP and Council)<br>• Training, Planning and Grant Awards for Village and Regional Levels. | Local / Regional Stakeholders |
| Months 3 through 5 | **Stage 2 – Entry**<br>• Income generation<br>• Rehabilitation<br>• Confidence Building | 50 Target Communities, Local Gov't and Regional Partners |
| Months 3 through 9 | **Stage 3 – Development**<br>• Partner Capacity Building<br>• Livelihood & Enterprise developed; Health & Education | Target Communities & Local Government |
| Months 6 through completion<br><br>[*Process Adopted and Adapted in Different Localities*] | **Stage 4 – Adoption**<br>• Donor Acceptance<br>• Refinement<br>• Consultative Processes | Local, Regional & National Gov't, Civil Society, Funding Partners |

### STAGE 1: PREPARATION AND MOBILIZATION

*Selection of Target Communities:* The first 50 villages for MCL CDP's first year community based activities have already been identified during Phase II in the process summarized in the graphic below. Spatial information using GPS technology and quantitative data and analysis of socio-economic dynamics have already been collected and are accessible in the database DAI developed for MCL. Focus group discussions, interviews, training sessions and planning workshops conducted have already provided much of the needed qualitative information at the village and regional levels to inform early programming efforts, building relationships, and for considering additional communities and appropriate regional initiatives during the

initial stages of full implementation. Staff for MCL CDP as well as the Advisory Council will be selected and begin training during this first stage.

## MCL CDP First Year Village Selection – Process and Data



**Villages Surveyed** – 121
**Total pop = 441,000**
Tuban: 39 villages, 165,000 persons
Bojonegoro: 82 villages, 276,000

• **Proximity to proposed pipeline route (1.5 kilometers) and central processing facility (5 kilometers).**

**First-cut Candidate Villages** – 66
**Tuban:** 33 villages
Bojonegoro 33 villages

• **Number of families in each village (survey data).** Villages with less than 1,450 families were retained, helping to ensure a rural or small village focus to the program in the first year. (Note: cut-off point is approximately one standard deviation above the average number of families in all villages surveyed.)

**Second-cut Candidate Villages** – 55
Tuban: 27 villages
Bojonegoro: 28 villages

• **Puskesmas.** Villages with puskesmas were removed from consideration. Proxy indicator of community well-being.
• **More than 50% population having access to government water system (survey data).** Villages matching this criterion were removed from consideration. Proxy indicator of community well-being.
• **One kecamatan, one village.** Any village that was the sole remaining candidate in a kecamatan was removed from consideration. Reinforces "kecamatan cluster" approach.

**Third-cut Candidate Villages** – 47
Tuban: 20 villages
Bojonegoro: 27 villages

• **Special consideration:** Due to presence of construction camp, access road and well placement, three villages in Bojonegoro previously removed due to other criteria were added to the final list of candidate villages.

**Final Candidate Villages** – 50
**Total pop = 153,000**
Tuban: 20 villages, 71,000 persons
Bojonegoro: 30 villages, 82,000

*Selection of Other Communities.* DAI provided a full set of quantitative data for 121 villages that helped inform the planning processes for "quick hits" activities and will also serve as baseline for measuring impact of MCL CDP over time. This data and new information obtained during full implementation will inform the selection of, and plan activities in, additional villages for MCL programming in each of the subsequent years of the program.

### STAGE 2: ENTRY

MCL CDP's Community Facilitators will work with local stakeholders to plan for and implement activities to improve priority basic social and economic infrastructure (e.g., schools, clinics, markets, skills training and marketing). This will provide a sense of confidence among participants that progress and trust are possible and, engender commitment for future collaboration, leading to Stage 3.

### STAGE 3: DEVELOPMENT

Community Facilitators will assist local communities to establish goals for MCL CDP's first year and develop plans to improve local livelihoods, governance and community well-being. The program will support the processes through the provision of training and technical

assistance to help planning efforts and coordination with partners drawn from Bappeda and other key stakeholders. Grant awards for appropriate activities in response to planning efforts will produce tangible returns to participants.

MCL CDP will ensure that women, youth and other vulnerable groups participate in the decision making and planning processes and that they have equal access to opportunities to develop their potential, define priorities, and participate fully in decision making processes concerning funded activities. DAI expects that target communities will

**Screen Shot of the MCL CDP Data Base**



also identify and plan for a number of development activities that are either beyond the scope of MCL CDP or which might be better implemented with support from the government, other donors or even the private sector. Additionally, the community will identify activities that they will implement without external assistance. Community Facilitators will help ensure that in these instances communities will receive support in preparing and presenting complementary proposals likely to contribute to broader more sustainable engagement and development.

MCL CDP will be working with other stakeholders in the region with the willingness and at least some capacity to serve as development partners over the longer term. The strategy is to engage potential partners from civil society and local government at multiple levels in the development process by first building or strengthening effective capacity at the local and regional level, then building functioning relationships between key stakeholders, including the communities, private sector and especially local government, in order to better influence the development process and promote good governance.

## STAGE 4: ADOPTION

By six months into MCL CDP's full implementation, participating communities will use lessons they have learned to prepare development and action plans, including a work plan for implementing activities supported by MCL, local government or other funding partners in MCL CDP's first year and thereafter. As program supported initiatives are implemented, MCL CDP staff as well as the Advisory Council, in partnership with communities and local government, will assess the program's overall impact, including the effectiveness of strategies and approaches. Lessons learned will be used to refine the model for use in both regional initiatives and in the additional 50 villages selected for MCL CDP activities in program year two and beyond.
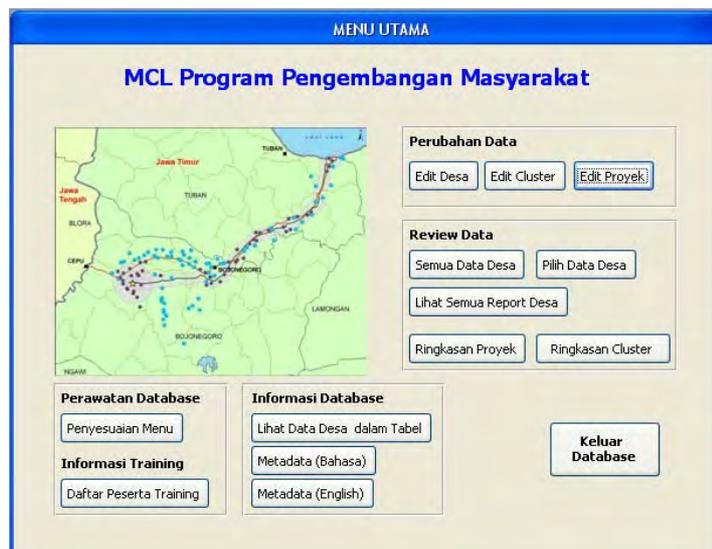
## Tasks and Timeframes

Once ExxonMobil engages an organization or contractor to implement MCL CDP, initial emphasis should be placed on mobilizing, in quick order, the staff and providing the necessary orientation and training to ensure that the organizational and operational capacity of the program in Bojonegoro is up and running as soon as possible. Immediately thereafter, priority will be placed on establishing the Advisory Council. Subsequent implementation will occur in a rolling process at the village levels involving training and planning efforts for the first 50 villages targeted for the program's efforts in the first year. MCL CDP will then focus on the design, development and initiating priority regional initiatives with input from the Advisory Council while also building capacity of civil society and community based organizations to assist with implementing these and especially future activities.

**Illustrative Tasks and Timeframe for MCL CDP's First Months**



| Month 1 | Month 2 | Month 3 | Month 4 | Month 5 |
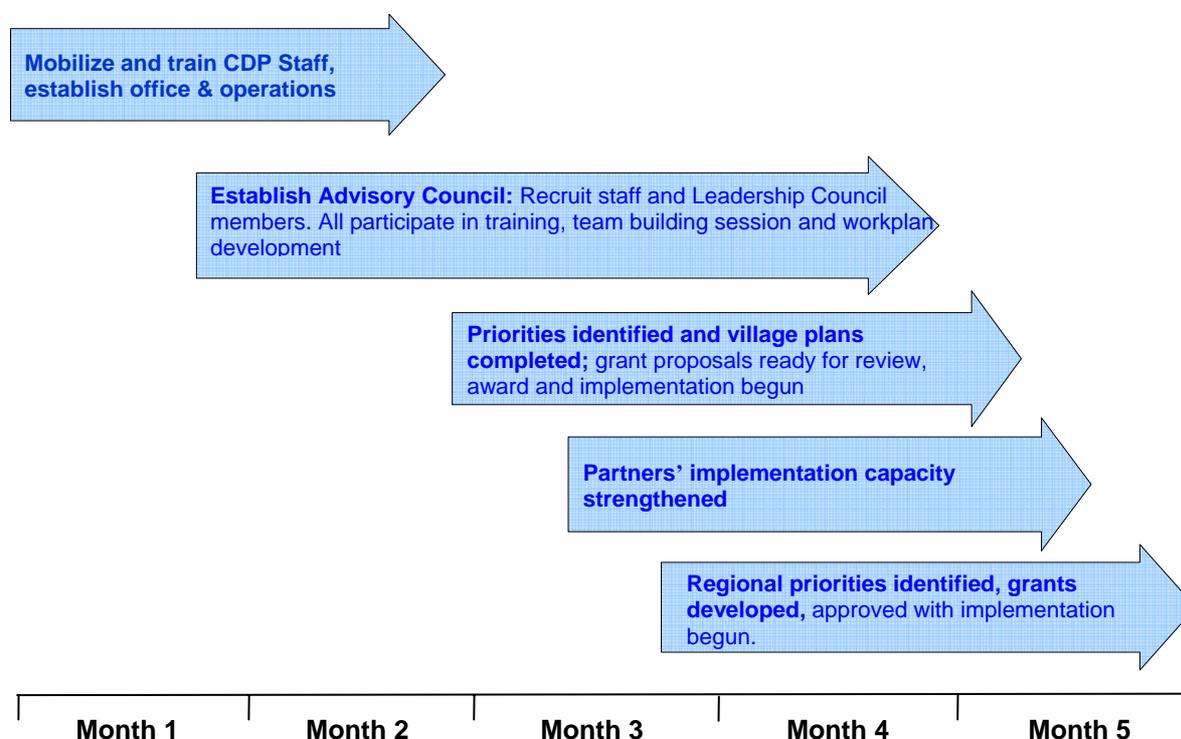
Within the first six months of initiating Phase III, MCL CDP should be expected to have:

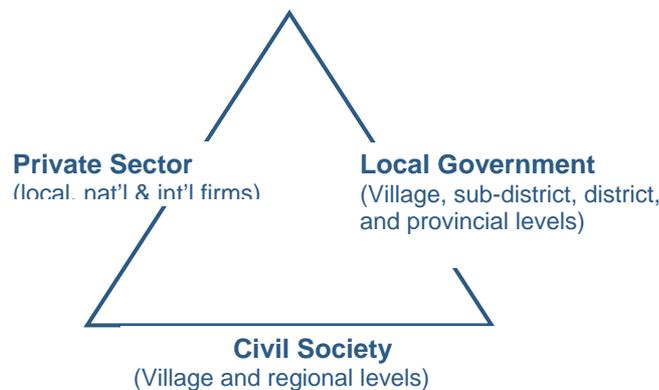- Established a fully staffed and operational Advisory Council;
- Provided training to, and built capacity of, local communities and partner organizations;
- Completed comprehensive village planning processes in the first year's 50 villages; and
- Validated community and regional needs resulting in grants for initial activities developed, reviewed, and awarded to respond to local and regional priorities.

By the end of Year 3, MCL CDP should in addition to having achieved results associated with defined objectives, be expected to have:

- Generated positive, tangible and measurable developmental impact in the area;
- Built effective partnerships with local stakeholders that have increased capacity to define, develop, implement and assess sustainable development activities; and
- Established MCL as a valued neighbor, partner, and responsible corporate citizen.

Among the outcomes of the MCL CDP engagement of local government, private sector, communities and other civil society organizations will be the increased capacity and improved linkages among stakeholders in the region that will enhance collaboration and improve the efficacy and accountability of governance. Support for the Advisory Council will contribute toward this outcome and result in a robust partnership of stakeholders to support sustainable development in the region beyond the conclusion of MCL CDP.

**THREE PILLARS OF COMMUNITY DEVELOPMENT PARTNERSHIP**



**Private Sector**
(local, nat'l & int'l firms)

**Local Government**
(Village, sub-district, district, and provincial levels)

**Civil Society**
(Village and regional levels)

## MCL CDP Implementation Staffing and Structure

The following narrative provides a summary description of the illustrative staffing requirements for MCL CDP that corresponds to the structure depicted graphically at the end of this section. This staffing pattern reflects needs associated with implementing the three-year program at the recommended scope and scale and assumes, for planning purposes, that the implementation capacity is a "stand alone" mechanism rather than one associated with a contractor with existing project implementation capacity. DAI recommends that MCL engage as a primary implementation partner, a contractor that already has in-county capacity. Among other benefits, this will likely preclude either the need for all of the following positions or the need to hire referenced staff with higher skills sets and more extensive experience.

**Staffing:** DAI proposes a thirty-two person staff, including two expatriates to implement MCL CDP. Indonesian staff should be largely drawn from the Cepu Block region. A list of proposed positions with a brief description of each follows. More detailed descriptions can be found in the Scopes of Work included as Annex VII.

- **Program Director:** The Program Director (PD) will be responsible for oversight of the entire program, including both programming and operations, and will serve as the

main point of contact for MCL and USAID. The PD will be supported by an Operations Manager and Senior Program Development Specialist, Monitoring, grant management, finance and procurement personnel will provide additional support.

- **Senior Program Development Specialist:** The Senior Program Development Specialist is the chief officer in charge of programming besides the Program Director. He supervises the technical staff, takes a leading role in the design of activities and grants, advises partner organizations, and leads the creation of reports on program activities for MCL, EMOI and USAID, among other organizations.

- **Operations Manager:** The Operations Manager is the chief officer in charge of finance, compliance, and administration under the Program Director. He supervises the IT, financial, administrative, and grants management staff. He is responsible for ensuring sound and transparent financial management and MCL CDP compliance with MCL, USAID, DAI, and Government of Indonesia regulations.

- **Monitoring and Evaluation Specialist:** The Monitoring and Evaluation Specialist is responsible for the oversight of all Monitoring and Evaluation for MCL CDP grant funded activities. She will also act as an advisor to partner organizations, and aid the Senior Project Development Specialist in writing reports on program activities.

- **Finance Manager:** The Finance Manager supervises the accounting and grants management staff, and ensures accurate financial reporting and record keeping. He also negotiates terms with vendors and manages the MCL CDP payroll, among other duties.

- **Grants Managers:** The Grants Managers evaluate grantees to measure their capacity to accept grants, draw up grant agreements, ensure grantee compliance, and monitor grants budgets.

- **Grants Accountants:** The Grants Accountants keep records of grant expenses and are responsible for the archiving of grant files. Especially given the large amount of grants proposed to be distributed in a short time period under MCL CDP Phase III, it is essential that their be sufficient capacity for accurately tracking grant expenditures.

- **Project Accountant:** The Project Accountant is responsible for tracking, documenting, and preparing reports of all project expenses.

- **Procurement Officers:** The Procurement Officers are responsible for ensuring that project or grantee purchases comply with MCL, USAID, and DAI regulations and that procurement is conducted in a competitive and transparent manner. They are also responsible for building relationships with trusted local suppliers and enhancing their capacity to respond to MCL CDP bid requests.

- **IT/MIS Manager & Assistant:** The IT/MIS staff is responsible for installing and maintaining MCL CDP IT infrastructure, as well as contributing to the programmatic aims of MCL CDP through tasks such as the mapping of program areas and managing the input of survey and assessment results and program activities into a comprehensive database.

- **Field Coordinators:** The three Field Coordinators are each responsible for a region of the MCL CDP area. They aid in developing grants and activities, meet with potential grantees and partner organizations, oversee MCL CDP funded projects, and supervise the Community Facilitators.

- **Community Facilitators:** Along with the Field Coordinators, the Community Facilitators are the primary liaison between MCL CDP and the communities it serves. Community Facilitators meet with community leaders, villagers, local officials and CSOs to identify community needs, create community development plans, and assist communities in creating proposals for MCL CDP funding and implementation.

To assist participating villages and inform regional priorities, the Senior Program Development Specialist will lead and is directly responsible for the performance of the Field Coordinators. The Field Coordinators will in turn be responsible for leading Community Facilitators, engaged either directly as MCL CDP staff or through a grant agreement with a local civil society organization (CSO), NGO or the University of Bojonegoro. Each Community Facilitator will be responsible for working directly with a number of communities (cluster) and provide program support for meetings, training events, and communication with villages to ensure communities are kept well informed about MCL CDP and the program can in turn stay abreast of developments at the community level. The proposed staffing structure is graphically represented on the following page.

**Figure 9: MCL CDP Implementation Structure**

Phase II Final Report on Activities, Outputs and Recommendations for Implementing MCL CDP.

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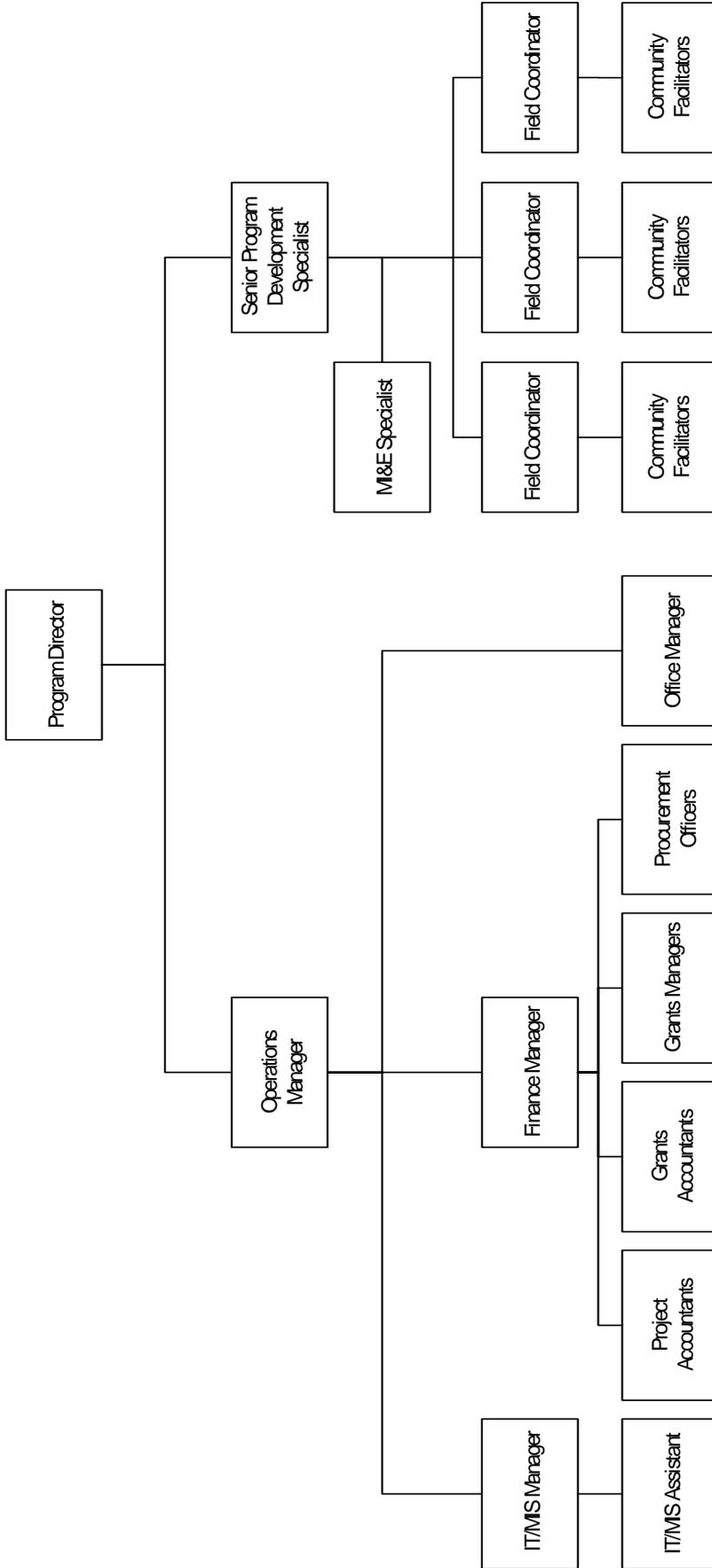
In addition to the regular full-time staff, MCL CDP should retain the capacity to engage a number of local, national and expatriate consultants to provide specific expertise and services in support of program objectives. One of the aims of engaging such expertise will be to identify and encourage the growth of national and especially Cepu area expertise with the aim of reducing and eliminating ongoing reliance on expatriate experts as the program advances.

## CAPACITY BUILDING STRATEGY

Once mobilized, MCL CDP staff and subsequently those engaged to staff the Community Development Advisory Council will receive structured orientation and training to build and strengthen capacity. The capacity building will employ a Competency Based Training (CBT) approach. CBT is based on the program work plan and is designed and planned to achieve the specific program outputs effectively and on time. The training program follows the following steps:

1. Prepare program work plan.
2. Determine the outputs to be achieved.
3. Establish the completion date for each output.
4. Nominate the person or position that will lead, manage and implement the activities.
5. Assess the current individual's (or group's) knowledge and skills.
6. Formulate formal and informal training plan.
7. Provide formal training for the right person, at the right time and at the right skill level.
8. Provide on going supervision, mentoring and regular feedbacks.

Formal training will be of short duration and followed immediately by longer "On the Job Training" where the participants learn skills under the supervision of and with mentoring from an experienced facilitator. The quantity and quality of the outputs will be used to assess the effectiveness of training rather than the number of participants.

In the beginning, MCL CDP will provide training of trainers (TOT) to the field coordinators and community facilitators. Based on this training, the participants will adapt and prepare their own training materials for the community. Each field coordinator will test and deliver the training in one community under their responsibility. During the training the community facilitators will learn by direct observation and experience. Community facilitators will subsequently cascade the training to the communities under the supervision of their field coordinators. Training for the field coordinators and community facilitators will take place in the first stage, while community training will be delivered at the start of the second.

## ESTABLISHING AND SUPPORTING AN ADVISORY COUNCIL

One of the critical early responsibilities of the Contractor implementing Phase III will be to establish the Advisory Council and begin efforts to build its capacity to fulfill its mandate. Early activities will include substantial training to ensure that Advisory Council staff has the appropriate orientation and necessary technical skills.
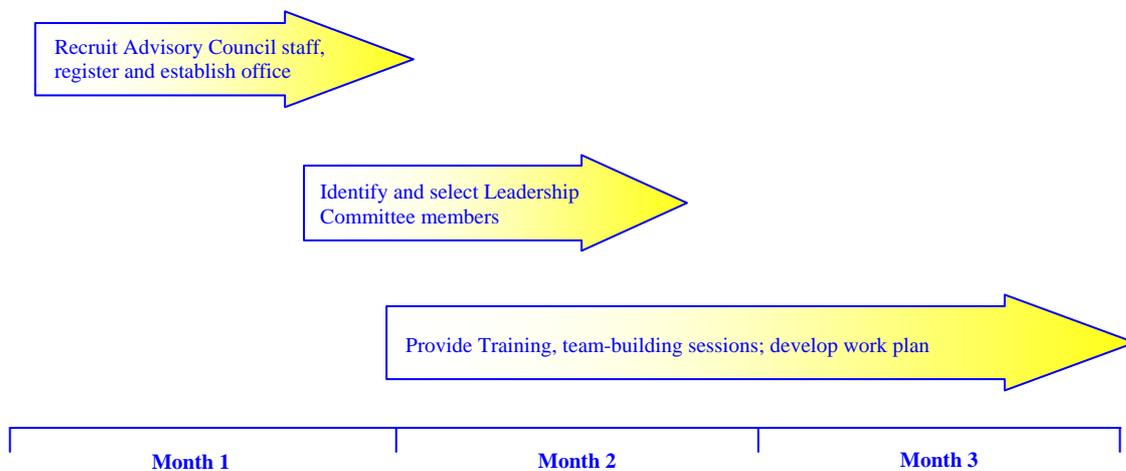
Broadly, steps to establish the Advisory Council include:

- Recruitment of qualified persons for Executive Office and Functional Unit posts;

- Facilitation of the nomination, vetting and selection of Leadership Committee members; and
- Initiation of orientation and capacity building through leadership and management training, team building exercises, and work plan development.

The Advisory Council should be established soon after MCL CDP's implementation capacity is mobilized and should become operational within a 3-month timeframe.[17] The Contractor will work closely with MCL to determine the level of financial, technical and other assistance required by the Advisory Council during the first year of its initial operation and over the three years of the program. We recommend grant funding for establishing the Advisory Council and ensuring its effective operation during its first year from grant resources dedicated to supporting regional needs and priorities.

**Tasks and Timeframe for Establishing the Community Development Advisory Council**

Recruit Advisory Council staff, register and establish office

Identify and select Leadership Committee members

Provide Training, team-building sessions; develop work plan

| Month 1 | Month 2 | Month 3 |

The estimated cost associated with staffing, equipping and running the Advisory Council during it first year is $300,000 or a total estimated cost of $900,000 over the duration of the three year program.[18] In addition to the grant funding for the establishment of this structure and the work of the fourteen-member staff during its first year, the Advisory Council will also require support from the Contractor in the form of technical assistance, training and mentoring to ensure it achieves the level of capacity required.

In addition, the Contractor should be responsible for ensuring institutional capacity, through the development of operational and administrative policies and procedures necessary for the Advisory Council to function efficiently and professionally. Quarterly reports to MCL will provide information and guidance resulting from the Council's actions to monitor and assess processes, performance (MAPP) and program impact. The Advisory Council will have access to the database developed to assess program progress and impact in absolute and comparative terms in light of baseline data and against established benchmarks. The Contractor will support MCL's evaluation of the Advisory Council performance, its structure, policies and procedures. The review's findings will help guide any possible modifications of the Advisory Council's role and responsibilities prior to the initiation of its second year of operation.

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[17] "Operational" is defined as the organizational capacity of the Advisory Council to review and assess training and planning efforts, develop grants and support implementation.

[18] See detailed scopes of work (SoW) for MCL Community Development Advisory Council staff attached as Annex VI.

# Conclusions and Recommendations

As presented during the final briefing on Phase II activities and outputs [19] DAI recommends that ExxonMobil and MCL support a 3-year integrated community development program. More specifically, DAI recommends that MCL CDP:

- Focuses on both community-based and regional priorities;
- Is implemented by a professional development organization in cooperation with local communities and partner organizations; and
- Is engaged through a public-private partnership with USAID.

The decision to move forward with the full implementation of MCL CDP in the manner recommended is not without risks. By selecting a non-Indonesian firm as the professional development organization or contractor to implement the 3-year program, ExxonMobil and MCL run the risk of having difficulties recovering the full costs of community development investments from BP Migas, the government's regulator. Continuing with MCL CDP through a Public-Private Partnership with USAID should help mitigate this risk and even more so if— as is likely—the partnership leverages additional funds for responding to development priorities in the region.

There are also risks associated with postponing the full implementation or foregoing the idea of an integrated program approach altogether. Fundamental changes are already underway in the Bojonegoro, Tuban and the Blora districts. For MCL, it is crucial that its support for community development result in expanded opportunities; especially for residents impacted by planned land acquisition, construction, and MCL operations. Equally important is that negative impacts be minimized before they permanently affect local and national perceptions of MCL and ExxonMobil operations.

With delays in implementing a strategically focused community development program, MCL runs the risk of losing the "golden hour" or the most propitious moment to act, beyond which costs increase dramatically for steadily diminishing gain. The impact of MCL's business-related activities will advance beyond the stage at which it can meaningfully engage stakeholders, thereby reducing MCL's capacity to mitigate adverse affects or establish the company's image as a valued neighbor. Delaying full implementation and presence other than business operations on the ground increases the likelihood that MCL will be forced to respond to events, alternative agendas and reactive dynamics rather than influencing them positively. "Quick Hits" or other activities such as those conducted through an extension of Phase II partnership with USAID are no substitute for more serious and sustained engagement of stakeholders on the ground.

A decision to move forward with a comprehensive and integrated community development program such as the proposed MCL CDP may be hampered by the lack of a single unified vision and strategy within MCL and ExxonMobil themselves regarding the preferred path for support of its social and economic community investments. MCL faces the alternative of an ambitious effort involving an outward looking and inclusive multi-stakeholder approach that deviates considerably from the company's past practices versus business as usual in the form of an inward looking approach involving "ground softening" investments that lean more

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[19] Please note attached copy of the final presentation for Phase II included as Annex X.

toward co-optation than collaboration. Organizational theory shows that large institutions can be notoriously resistant to change. Major innovation typically depends on three key ingredients: a) an abject failure that discredits old ways of doing business; b) an alternative set of beliefs about how to do things better; and c) political champions well placed to advocate the new approach in policy and direction. While decision makers may have concluded that ExxonMobil's methods of engaging communities in Indonesia and elsewhere have not been discredited or that obtaining a social license to operate successfully in the Cepu Block area does not require broad and substantive community engagement, our impression—gathered from senior executives in Jakarta—is that they have been less than enthusiastic about the company's past success in engaging communities and that effective community engagement is important if not critical to obtaining a social license to operate.

For an integrated development program to be initiated and carried out successfully, it must receive full backing from MCL and ExxonMobil, as well as USAID and other partners. To ensure this backing, support from a high-level champion is critical. While it may seem a secondary priority at present, especially as MCL or ExxonMobil executives are getting production operations underway, the correct and timely implementation of this relatively small investment in ExxonMobil time and money will pay large dividends in terms of community and government engagement and support and enhanced reputation in Indonesia, and elsewhere. Delay, as discussed above, will deny ExxonMobil the full benefits offered by the timely implementation of a comprehensive development program.

Irrespective of the reasons behind a delay in decision making to move ahead with MCL CDP, the costs and risks associated with the delay of engaging key stakeholders and villages within the Cepu Block area are rising. Change is rapidly coming to the region and the window of opportunity for MCL to influence events rather than being influenced by them is limited. To date, the activities supported by the MCL and USAID partnership have helped set the stage for moving forward. The MCL CDP approach and elements have been developed, with considerations of partnerships and governance structures clearly defined. Focus communities and key stakeholders in the region have been identified and successfully engaged, and relationships initiated.

Meanwhile, land acquisitions, construction of the pipeline and CPF, exploratory drilling, development and production will increasingly affect the region and perceptions of MCL. These developments should inform and hasten initiation of MCL CDP's full implementation in the earliest possible timeframe. If MCL considers the basic elements and approach for MCL CDP relevant and compelling, a decision should be made with regard to funding commitments and means for selecting, or soliciting bids from, prospective implementers. The implementation plan, logical sequencing, and timeframe for fully implementing MCL CDP referenced in this report remain illustrative until ExxonMobil and MCL define more clearly the commitment to the program's scope and scale.

**Recommended Next Steps:**
- Decide upon scope, scale and confirm approach for implementing MCL CDP;
- Engage a professional development organization to implement it; and
- Do so through a continued partnership with USAID, perhaps through the Global Development Alliance (GDA) framework.

# MCL CDP Year 1 Implementation Plan

| Activity | M1.1 | M1.2 | M2.1 | M2.2 | M3.1 | M3.2 | M4.1 | M4.2 | M5.1 | M5.2 | M6.1 | M6.2 | M7.1 | M7.2 | M8.1 | M8.2 | M9.1 | M9.2 | M10.1 | M10.2 | M11.1 | M11.2 | M12.1 | M12.2 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 Contract awarded to implementing organization | ◇ | | | | | | | | | | | | | | | | | | | | | | | |
| 2 MCL CDP staffed | ■ | | | | | | | | | | | | | | | | | | | | | | | |
| 3 MCL CDP makes its first grant to fund the Community Development Advisory Council (CDAC) | | ◇ | | | | | | | | | | | | | | | | | | | | | | |
| 4 CDAC Executive Office staff recruited | | | ■ | ■ | | | | | | | | | | | | | | | | | | | | |
| 5 CDAC unit heads (Information, Planning, Assessment, and Coordination) recruited | | | | | ■ | ■ | | | | | | | | | | | | | | | | | | |
| 6 CDAC Working Group experts (Health, Education, Economic Growth) selected and hired | | | | | | | ■ | ■ | | | | | | | | | | | | | | | | |
| 7 MCL CDP conducts CDAC orientation and training | | | ■ | ■ | | | | | | | ■ | | | | | | | | | | | | | |
| 8 CDAC Leadership Committee candidates identified and vetted | | | ■ | ■ | | | | | | | | | | | | | | | | | | | | |
| 9 CDAC Leadership Committee members nominated by MCL, Bupatis, and CSOs | | | | | ■ | ■ | | | | | | | | | | | | | | | | | | |
| 10 MCL Approves CDAC Leadership Committee membership | | | | | | ◇ | | | | | | | | | | | | | | | | | | |
| 11 CDAC Leadership Committee orientation | | | | | | | ■ | ■ | | | | | | | | | | | | | | | | |
| 12 CDAC Leadership Committee holds first quarterly meeting | | | | | | | | | | | | ◇ | | | | | | | | | | | | |
| 13 MCL CDP trains Field Coordinators (FCs) and Community Facilitators (CFs) | | | ■ | ■ | ■ | ■ | ■ | ■ | | | | | | | | | | | | | | | | |
| 14 FCs and CFs provide first-year target villages with orientation on the principles and process of village development | | | | | | | ■ | ■ | | | | | | | | | | | ◁ | | | | | |
| 15 FCs and CFs assist communities to identify and prioritize needs and prepare grant proposals | | | | | | | | | ■ | ■ | | | | | | | | | | | | | | |
| 16 MCL CDP and communities revise grant proposals | | | | | | | | | | | ■ | | | | | | | | | | | | | |
| 17 MCL CDP makes first community-based grant disbursement | | | | | | | | | | | | ◇ | | | | | | | | | | | | |
| 18 Community development projects in 50 first-year villages implemented under MCL CDP supervision | | | | | | | | | | | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ |
| 19 MCL CDP develops grants with 50 second-year villages | | | | | | | | | | | | | | | | | | | | | ■ | ■ | ■ | ■ |
| 20 MCL CDP disburses funds for regional-focus grants | | | | | | | | | | | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ |
| 21 MCL CDP submits quarterly progress reports to MCL & USAID | | | | | | | ◁ | | | | | | ◁ | | | | | | ◁ | | | | | |

Key
Milestone ◇
Report ◁

Phase II Final Report on Activities, Outputs and Recommendations for Implementing MCL CDP.

35

# MCL Community Development Program

Annexes to Phase II Final Report



January 2008

# MCL Community Development Program

Annexes to Phase II Final Report

January 2008

**DISCLAIMER**

# Contents

# Annex I: MCL CDP Phase II Workplan

**USAID-ExxonMobil Partnership for Community Development in the Cepu Block Area**

**Phase II Work Plan**

30 April 2007

## BACKGROUND

ExxonMobil Indonesia has demonstrated a commitment to supporting an integrated community development program in the Cepu Block area especially for communities in the districts of Bojonegoro and Tuban that will likely be affected by MCL operations. To inform the community development approach, ExxonMobil Indonesia and USAID engaged DAI through the Support for Peaceful Democratization Program (SPD) to undertake design efforts in Phase I that resulted in a proposed strategy and framework for a five year integrated community development program that will build on existing assets and aspirations of communities.

Following the presentation of the Cepu Area Community Development (CACD) framework in late February to senior ExxonMobil and USAID managers, the two organizations are proposing a continued partnership to support a Phase II start-up effort to initiate activities during an approximate six-month period ending in November 2007 through the ongoing SPD Program. The goal of Phase II is to build the platform from which the longer term community development plan can be launched.

## PHASE II OBJECTIVE

The objective of Phase II is to make preparations for CACD through a consultative process with ExxonMobil, Cepu Block area communities and key stakeholders.

## PHASE II OUTPUTS

Output 1: Collect and analyze social and economic baseline data of Tier I, II and III villages resulting in clear understanding of needs, priorities, opportunities and expectations in these areas. Key results include both qualitative and quantitative data to inform the design of CACD activities and which can be used to measure CACD impact and results.

Output 2: Initiate contact and begin building relationships with stakeholders in the Cepu area through focus group discussions, workshops and training events.

Output 3: Clarify the role and responsibilities of the Community Development Advisory Committee (CDAC), and identify candidates for and facilitate selection of its members (final selection completed in close consultation with MCL as time allows).

Output 4: Assess capacities of institutions, associations and organizations (public and private; in and outside the Cepu Block area) resulting in a list of partners for delivering key inputs throughout CACD and recommendations on how to structure partnerships with potential key partners (includes organizations with existing partnerships with MCL).

Output 5: Deliver final CACD implementation plan.

## PHASE II APPROACH

Phase II comprises three stages. The first stage focuses on Jakarta-based discussions between ExxonMobil and senior DAI SPD staff regarding the Phase II approach and implementation plan, and initial survey and data collection efforts in the Cepu Block area (Output 1). Information collected and decisions made during this stage will establish a foundation for subsequent stage activities. DAI staff will travel to Cepu as necessary to complete work under this stage.

Second stage activities will be implemented almost entirely in Cepu Block area. Focus group discussions, workshops and training events will be held with stakeholders, representing significant contact with these persons and communities. These activities will bring together ExxonMobil personnel and these stakeholders, a process that will encourage creative dialogue and help participants strengthen relationships and discover common goals. Outputs 2 and 3 will be achieved during this stage. DAI will establish a small office in Bojonegoro to facilitate preparation for and implementation of these activities and events. DAI will mobilize staff to Cepu following the completion of preparation work under stage one (e.g., mapping of village locations, interviews with key informants).

In the third and final stage, DAI will work with ExxonMobil to finalize the CACD approach and implementation plan. This includes investigation of potential partners and methods for engaging these groups in subsequent CACD activities.

It is important to note that the referenced stages will not be implemented one after another, in discrete fashion. Rather, they will be implemented in overlapping, concurrent periods during the throughout Phase II period.

## PHASE II ACTIVITIES

Activity 1: Clarify and finalize the Phase II work plan and mobilize core team.

Activity 2:  Conduct spatial mapping (GPS) of Tier I, II and III villages and key infrastructure in the Cepu Block area.

Activity 3: Conduct demographic, infrastructure and livelihood surveys in Tier I and II villages.

Activity 4: Conduct focus group discussions and key informant interviews to determine expectations regarding MCL and a CACD (both positive and negative) and assess how these expectations might impact the design and implementation of CACD. Discussions will also uncover local needs, priorities and opportunities.

Activity 5: Formulate draft role and responsibilities for the Community Development Advisory Committee (hereafter "Advisory Committee"; for presentation to and acceptance by key stakeholders).

Activity 6: Draft scopes of work of individual Advisory Committee members.

Activity 7: Conduct focus group discussions with government officials, local leaders and community representatives to review and validate Committee roles and responsibilities and member scopes of work.

Activity 8: Provide personal empowerment and leadership training to government officials, Community Development Advisory Committee members, and selected local leaders (representatives of village clusters).

Activity 9: Provide personal empowerment and leadership training to village leaders and community members.

Activity 10: Assess institutions, associations and organizations to determine viable partners for CACD.

Activity 11: Finalize CACD Framework (completed under Phase I) with ExxonMobil representatives.

Activity 12: Implement initial administrative tasks associated with final CACD plan (e.g., draft relevant personnel scopes of work, initiate recruitment efforts and contractor vendor surveys).


Activity 13: Prepare final report on Phase II activities, outputs and recommendations.

# PHASE II ACTIVITIES—DESCRIPTION OF PROCESS STEPS AND RESULTS

*Activity 1: Clarify and finalize the Phase II work plan and mobilize core team.*

To ensure clarity, and complete and accurate understanding of all aspects of the Phase II work plan, DAI will facilitate a start-up workshop with USAID and ExxonMobil representatives to discuss the objectives and outputs of the engagement, including roles and responsibilities, timeframe and resource requirements. This effort will be led by the DAI SPD Chief of Party. Concurrently, DAI SPD will mobilize core Phase II staff members, including the Project Implementation Leader and the Project Manager (note that most other key staff are already employed by DAI SPD, and resident in Indonesia).

Key steps in the process include:

- Start-up workshop and discussion of Phase II work plan and planned outputs with USAID and ExxonMobil representatives;
- Develop initial messaging for use in communications with stakeholders during Phase II; and
- Application to USAID for technical approval and clearance of expatriate staff members not resident in Jakarta.

Results include:

- Approved Phase II work plan;
- Clear expectations regarding, agreement with and commitment to Phase II work plan by all key participants; and
- Core staff members mobilized to Jakarta.

*Activity 2: Conduct spatial mapping (GPS) of Tier I, II and III villages and key infrastructure in the Cepu Block area.*

DAI SPD will conduct a GPS survey of all Tier I, II and III villages and key infrastructure in the Cepu Block area, including schools, religious structures, community centers and markets. Data will be entered into a GIS database for use in developing maps of project location and subsequent activities. The DAI SPD IT Manager will lead the design and implementation of this survey, supported by persons hired in the Cepu area to collect GPS point data (the IT manager will train these persons to accomplish this work). The survey will require approximately 3 weeks, including all preparation, data collection and analysis tasks.

Key steps in the process include:

- Design survey and implementation schedule, including personnel requirements, tasks and responsibilities;
- Train survey team;
- Collect data in the field, enter data into GIS and analyze data; and
- Produce basic maps of Cepu Block area.

Results include:

- GIS database of villages and key infrastructure in Cepu area; and
- Basic maps of Cepu Block area.

*Activity 3: Conduct demographic, infrastructure and livelihood surveys in Tier I and II villages.*

Concurrent with spatial mapping activities, DAI will collect primary social and economic data through a rapid survey in each Tier I and Tier II village. The DAI SPD IT Manager and Information Manager will lead the design and implementation of this effort. Information collected will complement data gathered by DAI from government sources during Phase I. Analysis of quantitative data will lead to an enriched understanding of stakeholder communities and challenges and opportunities in the area. Resulting data will be entered into the GIS database for mapping purposes. The survey will require approximately 3 weeks, including all preparation, data collection and analysis tasks.

Key steps in the process include:

- Design survey and implementation schedule, including personnel requirements, tasks and responsibilities;
- Train survey team;
- Collect data in the field, enter data into GIS and analyze data; and
- Produce maps of Cepu Block area that display basic social-economic data.

Results include:

- Database of basic social and economic data of Tier I and Tier II villages;
- Enriched understanding of stakeholder community social and economic situation; and
- Maps displaying basic social-economic data of Tier I and Tier II villages.

*Activity 4: Conduct focus group discussions and key informant interviews to determine expectations regarding MCL and a CACD (both positive and negative) and assess how these expectations might impact the design and implementation of CACD. Discussions will also uncover local needs, priorities and opportunities.*

DAI will conduct a field assessment in a sample of Tier I and Tier II communities. The DAI SPD Monitoring and Evaluation Manager will lead this effort, supported by DAI SPD Facilitators. Key informant interviews and focus group discussions will uncover and assess

community expectations, needs and aspirations, and assets and resources. Analysis of qualitative data will lead to an enriched understanding of stakeholder communities and their expectations, and challenges and opportunities in the area.

Key steps in the process include:

- Design field assessment work plan, including objectives, outputs, area of study and timeframe;
- Conduct field assessment;
- Catalog and analyze information collected to increase understanding of needs and issues in impact area; and
- Develop understanding of potential risks and challenges to the CACD.

Results include:

- Comprehensive dataset, enriched understanding of stakeholder situation, needs and expectations; and
- Assessment of community assets that will form the basis of community investment programming.

*Activity 5: Formulate draft role and responsibilities for the Community Development Advisory Committee (hereafter "Advisory Committee"; for presentation to and acceptance by key stakeholders).*

Working closely with ExxonMobil representatives, DAI will formulate draft roles and responsibilities for the Advisory Committee. The role of this body vis-à-vis a "dispute resolution" group will be clearly delineated. Membership of the Advisory Committee will be designed, including methods for forming the body, and for rotating membership. To ensure local buy-in and ownership of the Advisory Committee, draft roles and responsibilities will be presented to local leaders and community representatives for comment and feedback. The Project Implementation Leader will lead this effort, supported by the DAI SPD Chief of Party.

Key steps in this process include:

- Discuss, analyze and draw upon best practices in local management of community development programs;
- Discuss and draft Advisory Committee roles and responsibilities regarding CACD, including program planning, implementation and evaluation, contrasting the Advisory Committee with the "dispute resolution" group; and
- Develop an action plan for standing up the Advisory Committee Phase II.

Results include:

- Draft Advisory Committee roles and responsibilities; and
- An action plan to build and initiate the Advisory Committee.

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*Activity 6: Draft scopes of work of individual Advisory Committee members.*

Concurrently with Activity 5, DAI will work with ExxonMobil to draft scopes of work of individual Advisory Committee members. The Project Implementation Leader will lead this effort, supported by the DAI SPD Chief of Party.

Key steps in this process include:

- Discuss and draft Advisory Committee member roles and responsibilities; and
- Develop an action plan for recruiting Advisory Committee members in Phase II.

Results include:

- Draft Advisory Committee member scopes of work; and
- An action plan to recruit Advisory Committee members.

*Activity 7: Conduct focus group discussions with government officials, local leaders and community representatives to review and validate Committee roles and responsibilities and member scopes of work.*

Upon completion of the draft Advisory Committee roles and responsibilities and member scopes of work, DAI will facilitate a series of meetings with local government, private sector and community leaders to rollout the Advisory Committee framework for comment and suggestion. This will ensure understanding and buy-in to this important component of the CACD. The DAI SPD Monitoring and Evaluation Manager and Information Manager will lead this effort. Following finalization of the Advisory Committee framework, recruit members and initiate committee activities.

Key steps in this process include:

- Design meeting agenda, participant lists, and schedule;
- Conduct meetings, soliciting feedback and support for the Advisory Committee;
- Revise Advisory Committee structure, roles and responsibilities as necessary and appropriate;
- Recruit Advisory Committee members; and
- Hold initial Advisory Committee meeting to build understanding of individual roles and responsibilities, formulate internal "rules of work" and scheduling for coming 4-month period activities.

Results include:

- Final Advisory Committee roles and responsibilities
- Final Advisory Committee member scopes of work;

- Stakeholder understanding and acceptance of Advisory Committee; and
- Advisory Committee formed and active.

*Activity 8: Provide personal empowerment and leadership training to government officials, Community Development Advisory Committee members, and selected local leaders (representatives of village clusters).*

DAI will conduct Personal Empowerment and Leadership training courses to build a strong foundation for CACD initiatives. These courses are designed to help change leader perceptions and attitudes to make them more willing to accept risks and challenges, make decisions and take action, and accept associated responsibility.

Personal Empowerment training comprises three parts (a five-day course). The first focuses discussion and personal reflection on the principles of human success, including human potentials and limitations; the role of our thoughts and habits in achieving our potential; and of seeing ourselves, our community, our region, nation and ultimately the world as one interconnect living system. The second part of Personal Empowerment training leads participants through a discussion of reasons why people fail and how they succeed, and then through an analysis of characteristics of low performers and high achievers. The third and final part of this training course summarizes methods people can use to change their thoughts and habits from those that bring failure to ones that promote success.

In Leadership training (a five-day course), participants reflect on foundation principles discussed during Personal Empowerment training, and discuss how they relate to and are relevant to the roles and responsibilities of leaders working on social and economic development initiatives with communities. The training course instructs participants that strong leadership implies mutually enhancing and supportive relationships between formal and informal leaders and members in the community. Participants also discuss how sustainable prosperity flows from healthy and productive relationships and peace. The DAI SPD Monitoring and Evaluation Manager will lead this effort, supported by DAI SPD Facilitators.

Key steps in this process include:

- Design training materials, schedule and participant lists, arrange training logistics;
- Conduct training events; and
- Monitor and evaluate training events, soliciting feedback and suggestions.

Results include:

- Critical mass of leaders receive personal empowerment and leadership training;
- Foundation for implementing CACD and for building the capacity of leaders and village level (persons trained under this activity are expected to assist in training village leaders); and

- Common understanding among leaders regarding the roles and responsibilities they must assume if their locales are to achieve sustainable and equitable social and economic development.

*Activity 9: Provide personal empowerment and leadership training to village leaders and community members.*

Similar to Activity 8, above, training here will focus on village leaders and community members (approximately 30 persons per village). The DAI SPD Monitoring and Evaluation Manager will lead this effort, supported by DAI SPD Facilitators.

Key steps in this process include:

- Design training materials, schedule and participant lists, arrange training logistics;
- Conduct training events; and
- Monitor and evaluate training events, soliciting feedback and suggestions.

Results include:

- Critical mass of leaders at village level receive personal empowerment and leadership training;
- Foundation for implementing CACD; and
- Common understanding among village leaders regarding the roles and responsibilities they must assume if their communities are to achieve sustainable and equitable social and economic development.

*Activity 10: Assess institutions, associations and organizations to determine viable partners for CACD.*

As outlined during Phase I discussions, successful implementation of CACD will require partnerships between ExxonMobil and a number of organizations. DAI SPD will conduct a detailed assessment of local institutions, association and organizations to build a list of viable partners for CACD. The assessment will highlight strengths (and weaknesses) of potential partners and how they might contribute to CACD implementation. It will also discuss mechanisms for engaging these groups in CACD activities (e.g., contracting mechanisms, joint funding opportunities, and direct partnerships with village groups). The Project Implementation Leader will lead this effort, supported by the DAI SPD Chief of Party.

Key steps in this process include:

- Design assessment tool, list of organizations to assess, schedule and arrange required logistics;
- Conduct assessment and analyze resulting information; and
- Prepare report and present findings to ExxonMobil officials.

Results include:

- Understanding of institutions, associations and organizations and roles they might play in implementing CACD; and
- List of desirable partners for and mechanisms for engaging them in CACD.

*Activity 11: Finalize CACD Framework (completed under Phase I) with ExxonMobil representatives.*

The Phase I draft CACD framework, as presented in the February meeting between ExxonMobil, USAID and DAI, requires several important revisions. DAI will facilitate a series of meetings to finalize this framework and associated action plan. The Project Implementation Leader will lead this effort, supported by the DAI SPD Chief of Party.

Key steps in this process include:

- Schedule and conduct meetings to discuss specific details of the draft CACD framework (developed in Phase I); and
- Prepare final CACD framework and action plan.

Results include:

- Approved CACD framework and action plan; and
- Clear understanding and approval among key ExxonMobil representatives of CACD framework and action plan.

*Activity 12: Implement initial administrative tasks associated with final CACD plan (e.g., draft relevant personnel scopes of work, initiate recruitment efforts and contractor vendor surveys).*

Depending upon the results of Activity 11, above, and time permitting, DAI will implement initial administrative tasks associated with the final CACD action plan. These include, for example, drafting of key personnel scopes of work, initiation of recruitment efforts and a survey of local vendors that might support subsequent CACD activities. The DAI SPD Program Implementation Manager and the Project Implementation Manager will lead this effort.

Key steps in this process include:

- Discussion and agreement on actions that can be taken and completed under Phase II; and
- Preparation of, for example,
  - Drafting scopes of work for key personnel;

- □ Initiate recruitment efforts; and
- □ Conduct vendor survey.

Results include:

- Completion of initial administrative CACD tasks.

_Activity 13_: _Prepare final report on Phase II activities, outputs and recommendations._

At the end of Phase II, DAI will prepare a final report of all activities conducted and outputs achieved during the period. DAI will also provide a list of recommendations resulting from work in the field regarding future CACD initiatives. The Project Implementation Manager and DAI SPD Chief of Party will lead this effort.

Key steps in this process include:

- Discussion and analysis of actual activities and associated outputs vis-à-vis those planned at the outset of the engagement;
- Preparation of final report; and
- Presentation of results and recommendations to ExxonMobil and USAID representatives.

Results include:

- Final Phase II report.

# Annex II: First Year Village Selection Criteria and Process

**Villages Surveyed – 121**

**Total pop = 441,000**

Tuban: 39 villages, 165,000 persons

• **Proximity to proposed pipeline route (1.5 kilometers) and central processing facility (5 kilometers).**

**First-cut Candidate Villages – 66**

Tuban: 33 villages

Bojonegoro 33 villages

• **Number of families in each village (survey data).** Villages with less than 1,450 families were retained. This helped ensure a rural or small village focus to the program in the first year. Note that this cut-off point is approximately one standard deviation above the average number of families in all villages surveyed.

**Second-cut Candidate Villages – 55**

Tuban: 27 villages

Bojonegoro: 28 villages

• **Puskesmas.** Villages with puskesmas were removed from consideration. Proxy indicator of community well-being.
• **More than 50% population having access to government water system (survey data).** Villages matching this criterion were removed from consideration. Proxy indicator of community well-being.
• **One kecamatan, one village.** Any village that was the sole remaining candidate in a kecamatan was removed from consideration. Reinforces "kecamatan cluster" approach.

**Third-cut Candidate Villages – 47**

Tuban: 20 villages

Bojonegoro: 27 villages

• **Special consideration:** Due to the presence of construction camp, access road and well placement, three villages in Bojonegoro previously removed due to other criteria were added to the final list of candidate villages.

**Final Candidate Villages – 50**

**Total pop = 153,000**

Tuban: 20 villages, 71,000

# Annex III: Villages Participating in Focus Group Discussions

## MCL CDP - Fase Perencanaan Survei Desa
### Desa-desa yang Berpartisipasi dalam Survei Data Kualitatif (15 Desa; 326 Orang)

Laut Jawa

LAMONGAN

PALANG
CENDORO
TUBAN
SUMBERAGUNG
BANJARAGUNG
SAWAHAN
SOKOSARI
BOJONEGORO
NGAMPEL
SUMBER TLASEH
Jawa Timur
TUBAN
LERAN
JAMPET
GAYAM
BANDUNGREJO
SENDANGHARJO
KLITEH
BRABOWAN
BOJONEGORO

REMBANG

CEPU

BLORA
Jawa Tengah
BLORA

NGAWI
NGAWI

Skala 1:450.000

0  2.5  5      10 Kilometers

### Legenda
- ● Desa yang terpilih
- ● Kota
- ★ MCL CPF
- Danau/Waduk
- Jalur Pipa yang Diusulkan
- Jalan Propinsi/Kabupaten
- Kecamatan
- Kabupaten
- Propinsi

bp migas Mobil Cepu Ltd.

Sumber:
Data administratif dari Biro Pusat Statistik;
Data lokasi desa dikumpulkan oleh DAI SPD;
Data jalur pipa disediakan oleh MCL;
Data jalan dikumpulkan oleh DAI SPD.
Peta diproduksi oleh DAI SPD
Tanggal: 29 Agustus 2007

Phase II Final Report on Activities, Outputs and Recommendations for Implementing MCL CDP.

# Annex IV: Focus Group Discussion/Key Informant Interview Themes and Questions

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**Output 2: Initiate contact and begin building relationships with stakeholders in the MCL CDP area through focus group discussions, workshops and training events.**

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## Purpose

Understand local aspirations and fears regarding MCL operations and how they might impact local communities.[1]

## Result

- Qualitative baseline information useful in future monitoring efforts;
- Enhanced understanding of local views of stakeholder roles and responsibilities;
- Clearer knowledge of local aspirations and fears useful in formulating and implementing Phase III strategies and plans; and
- Enriched understanding of local expectations for development in the near and long-terms.

## Approach

The DAI M&E Manager and Program Development Specialist will conduct focus group discussions and key informant interviews. They will be supported by DAI Community Development Specialists and short-term technical assistants hired from Bojonegoro University. Participants in discussion sessions and interviews include village representatives, women's groups, youth groups and associations, and regional business representatives, civil society leaders, government representatives and education and health service representatives. Discussion sessions will also be held with MCL staff members working in the field.

## General Information and Guidelines

Discussion and interviews with stakeholders are an integral part of Phase II activities. They will uncover information that will inform the direction and scope of Phase III strategies, plans and associated activities. They will help illuminate the perceptions and aspirations of local stakeholders regarding local development, and their views on the roles and responsibilities of various stakeholders (e.g., MCL, government agencies and local communities) in leading development initiatives. They also provide opportunity to expand and build relations between ExxonMobil and local communities and groups.

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[1] "Community" refers to a group of people bound together by shared social, economic or spiritual needs, goals and aspirations. It encompasses village-centered communities, as well as political groups, government institutions, civil society organizations and agricultural producer groups.

Phase II Final Report on Activities, Outputs and Recommendations for Implementing MCL CDP.

In MCL CDP, guided discussions with stakeholders are a positive experience, providing information that we can use to guide our planning and implementation efforts and serve as a baseline in future monitoring efforts. By encouraging reflection and observation, guided discussions help enrich our understanding of local communities and help ensure that our plans and actions address local aspirations and priorities.

This document presents major themes to be investigated during discussion and interview sessions. Not all themes are applicable in all circumstances. Questions listed under each theme are examples of what might be asked in an interview to uncover information related to that theme. It is important to note that this is not a "checklist" of questions to be asked in each interview. Instead, they should be viewed as a framework for the development of questions suitable to and appropriate for the group or person interviewed. The most important objective of a guided discussion is to uncover information related to each relevant thematic area—the path to this information, the questions posed to people interviewed, is largely group and site-specific.

**Themes and Associated Questions**

## 1.   Values.

☐   Equity – *opportunities and access across various community groups to decision making and allocation of resources*. Do all groups have access to resources (services, assets) and opportunities, and participation in local planning efforts (if any)? What provisions are in place to ensure equal access? Is a broad cross section of the community (women, youth, the poor) involved in decision making regarding village resource allocation? In what way? How fair (no discrimination, no nepotism), transparent, responsible and accountable is governance in your community?

☐   Identity – *beliefs, values and characteristics that define and unite the community*. What factors reinforce or threaten your identity? How does your community respond to change to communal identity? Describe an image or symbol that represents your community. Describe a decisive event that occurred during your lifetime; how did it change the way you felt about your community? Are there others outside your community who have a significant impact on your beliefs and value systems?

☐   Participation – *substantive involvement in and influence over processes and discussions that affect the community*. How well are women, youth, and vulnerable people represented and able to participate in discussion of village priorities and other decision-making processes that affect people's lives in your community? To what degree do you participate in regional discussions that might impact the community? Do regional decision making processes and outcomes take account of your priorities and needs?

## 2.   Livelihoods [2]

☐   Education. Does your community have access to basic education services, public or private (elementary, junior high school)? How would you describe the quality of these education services? What factors determine sustainability of access and quality? How might other organizations contribute to sustainability?

☐   Health. Does your community have access to basic health services, public or private? How would you describe the quality of these health services? What factors determine sustainability of access and quality? How might other organizations contribute to sustainability?

☐   Economic Assets. Does your community have access to basic facilities and services such as markets, transportation networks, electrical power and irrigation systems to generate sufficient incomes for your family? How would you describe the quality of these facilities and services? Do you have adequate control over material resources, access to credit and other opportunities? What is the sustainability of access to economic services? What

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[2] *Livelihoods:* Conceptually, implies the means, activities, entitlements and assets by which people make a living. Assets are defined as natural (i.e., land, water, common-property resources), social and political (i.e., community, family, social networks, participation, empowerment), human (i.e., knowledge, skills), and physical (i.e., markets, clinics, schools).

factors determine sustainability? What factors contribute to or constrain local economic development?

## 3.   Relationships

☐ <u>Government-village relationships</u>. What government departments currently provide services in your community? Do you value these services? Do they respond to your needs and priorities? Do different departments coordinate service provision in the community? Are services provided regularly and on time, and in a transparent and accountable manner?

☐ <u>Leadership</u>. How confident are you that leaders in your community are able to lead you effectively, in terms of transparency, justice, accountability? How do you rate the conflict management and resolution capabilities of your leaders? Are community leaders able to motivate and train, or able to invite/host other groups to provide good training to men, women and youth in the village? Are leaders in your community respected and accepted by the people? Is your community able to manage financial resources efficiently?

☐ <u>Intra-community</u>.

## 4.   Conflict

☐ <u>Mitigation</u>. How does your community resolve conflicts when individuals or groups in your community disagree, or refuse to discuss issues or work together? What processes do you have for resolving conflicts? What group or persons mediate conflict in your community? How effective are these processes? Are they recognized as legitimate by the community?

☐ <u>Triggers</u>. What are sources of tension in your community (e.g., access to resources control of power and participation in political decision making, identity, status or values)? Of these, which can the community address effectively? Which are outside community control?

## 5.   Security and Safety

☐ <u>Law and order</u>. What factors influence human security and community well-being? How is harmony maintained within the community? With neighboring communities? What mechanisms exist to protect the vulnerable?

☐ <u>Environment</u>. To what extent do natural resources influence community well-being? How does your community regulate its relationship with its environment and its utilization of common resources to ensure future growth. What is the sustainability of access to natural resources? What factors determine sustainability? How does your community address issues related to local environmental quality? How effective are these processes?

# Annex V: Quick Hits Planning Guidance and Parameters

**Things to keep in mind for the planning sessions:**

1. This is not village planning as done in CBR and ACEO villages.

2. We do not need to have "sector" group work during the planning session (that is, no need to form a water group to discuss water priorities).

3. The result of this process is list of "quick hit" projects that can be funded immediately by ExxonMobil. The list should not contain ideas for future projects—this will be accomplished in future village planning sessions (2008?).

4. The timeframe for approving and starting these projects is October-December 2007.

5. Most likely, there will be village planning events in some but not all villages that will focus on village priorities (as done in CBR and ACEO villages). This will lead to more project activities in these villages.

6. We should encourage participation of GoI officials in planning sessions, particularly those persons who participated in the Kabupaten-level training activities.

**Planning Parameters:**

1. ExxonMobil will provide a list of the types of projects they will fund, and the types they will not fund.

2. ExxonMobil will provide a figure for total funds available, which we will divide to each Training Group (as of Friday, the total amount of funds available was $450,000, or an average of about $75,000 per group, or IDR700,000,000).

3. Training Groups should separate into Planning Clusters—at least 2 clusters per group, but no more than 3 clusters. We need them to break into clusters so that they can practice the lessons of the Operacy training—harmony, self-regulation, etc. We don't want too many clusters, which would lead to something more like "village" projects rather than "cluster" projects.

4. Group funds will be shared by Planning Clusters in each group, based on the population of each village (families). Each Planning Cluster will be given a budget figure.

5. Projects selected for ExxonMobil funding should benefit, more or less, all villages in the cluster—the multi-village system should benefit, or "expand" through the project. The projects should use all project funding available to the cluster.

# Annex IV: Community Development Advisory Council Staff Illustrative Scopes of Work

**MCL Community Development Advisory Council**

**SCOPE OF WORK**

**SENIOR MANAGER**

The present Scope of Work describes responsibilities for the MCL Community Development Advisory Council position of Senior Manager. The Senior Manager will be based in Bojonegoro and report directly to MCL's General Manager. The Senior Manager will be responsible for providing leadership, management and supervision for all aspects of the Advisory Council. The Senior Manager responsibilities include but are not limited to:

- Lead, supervise and ensure consistency in the approach of Advisory Council staff and units, to achieve the overall objectives and goals outlined for the Advisory Council;
- Collaborate and work closely with the Leadership Committee, serving as a critical link between it and the functional units of the Council to efficiently achieve the Council's overall goals and objectives;
- Take a lead role in supporting the Council's drafting, editing and submission of reports to MCL and other stakeholders as required;
- Establish and maintain Advisory Council processes and procedures for smooth and efficient administration and operation;
- Ensure clear, proper, and ongoing communication and partnership with key stakeholders relevant to advancing sustainable community development in the region, including representatives from MCL, local government, non-governmental organizations, and other members of civil society, including communities;
- Provide policy guidance and interpretation for Leadership Committee members regarding authority and role to provide findings with regard to MCL policies, procedures and practices supporting development; and
- Other duties as assigned by MCL General Manager or his delegate, consistent with the overall focus of the assignment.

**MCL Community Development Advisory Council**

**SCOPE OF WORK**

**FINANCE MANAGER**

The present Scope of Work describes responsibilities for the MCL Community Development Advisory Council Position of Finance Manager. The Finance Manager will be based in Bojonegoro and report directly to the Advisory Council's Senior Manager. The Finance Manager will be responsible for all accounting and financial management necessary for the operation of the Advisory Council's functional units. The Finance Manager's responsibilities include but are not limited to:

- Aid the Senior Manager in establishing financial policies and guidelines within those mandated by MCL, USAID, and the Government of Indonesia, and ensure Advisory Council compliance with those procedures and guidelines.
- Represent the office in all bank, tax and customs issues related to office financial operations;
- Maintain liquidity for the smooth and uninterrupted function of the Advisory Council;
- Record all financial transactions in the approved accounting system and ensure the accurate completion of periodic financial reports, including expense reports and bank reconciliation reports, and their timely submission to the Senior Manager;
- Process and record customs, taxes and other government fees or licenses as required;
- Process payroll for all local employees;
- Ensure repayment by staff for personal use of project equipment; and
- Other duties as assigned by the Advisory Council's Senior Manager, consistent with the overall focus of the assignment.

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**MCL Community Development Advisory Council**

**SCOPE OF WORK**

**EXECUTIVE ASSISTANT**

The present Scope of Work describes responsibilities for the MCL Community Development Advisory Council position of Executive Assistant. The Executive Assistant will be based in Bojonegoro, report directly to the Advisory Council Executive Office's Senior Manager, and be responsible for all office management tasks. More specifically, the responsibilities include but are not limited to:

- Procure office and operations equipment and supplies;
- Maintain office operations documentation, including inventory;
- Maintain personnel files, including records of staff employment time sheets, health care, sick and annual leave records;
- Schedule and arrange travel requirements for staff and leadership committee;
- Organize meeting facilities, equipment and schedules;
- Answer telephones;

- Coordinate delivery/reception of mail and packages;
- Supervise subordinate staff (e.g., drivers, cleaners, guards) as necessary;
- Manage petty cash and assist Senior Finance Manager in the review of expenses and payment of monthly operational costs; and
- Other duties as assigned by the Senior Manager, consistent with the overall focus of the assignment.

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## MCL Community Development Advisory Council

## SCOPE OF WORK

## INFORMATION OFFICER

The present Scope of Work describes responsibilities for the MCL Community Development Advisory Council position of Information Officer. The Information Officer will be based in Bojonegoro, and report directly to the Advisory Council's Senior Manager. The Information Officer will be responsible for collecting data on MCL funded development activities and outcomes, including activities carried out by the Advisory Council. The Information Officer's responsibilities include but are not limited to:

- In conjunction with the IT Specialist, collect and organize all reports and written or photographic outputs created by the Advisory Council staff;
- Produce reports on Advisory Council activities for presentation to MCL, USAID, the Advisory Council Leadership Committee and other partners on a periodic basis;
- Collect and catalogue information on local organizations and activities as related to the Advisory Council's scope of work; and
- Other duties as assigned by the Senior Manager, consistent with the overall focus of the assignment.

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## MCL Community Development Advisory Council

## SCOPE OF WORK

## INFORMATION TECHNOLOGY (IT) SPECIALIST

The present Scope of Work describes responsibilities for the MCL Community Development Advisory Council position of Information Technology (IT) Specialist. The IT Specialist will be based in Bojonegoro, and report directly to MCL's Senior Manager. The IT Specialist will be responsible for installing and maintaining Advisory Council computer systems, as well as creating databases and computer generated graphics, maps, and reports as necessary. More specifically, the responsibilities of the IT Specialist include but are not limited to:

- Install and ensure maintenance of Advisory Council office computer systems and servers, including trouble-shooting computer software and hardware problems and preparing computers for use by program personnel;

- Ensure security and integrity of all program computer systems;
- Provide leadership in the design, use and maintenance of program management information systems;
- Coordinate with Assessment Unit to ensure that monitoring and evaluation data are stored in the computer database;
- Coordinate with the Information Officer in the collection of miscellaneous data for use in reports, including photographs of project activities, weekly Advisory Council meeting notes, and human interest stories;
- Collect, maintain, and organize documents for the Advisory Council's electronic files, including all meeting notes, activity reports, and outputs; and
- Other duties as assigned by the Senior Manager, consistent with the overall focus of the assignment.

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## MCL Community Development Advisory Council

## SCOPE OF WORK

## PLANNING OFFICER

The present Scope of Work describes responsibilities for the MCL Community Development Advisory Council position of Planning Officer. The Planning Officer will be based in Bojonegoro, and report directly to the Advisory Council's Senior Manager. The Planning Officer will be responsible for the review and evaluation of village plans and priorities, as well as the identification of opportunities for MCL CDP interventions at the regional level, to present to the Advisory Council Leadership Committee, MCL, and USAID. The Senior Planning Officer's responsibilities include but are not limited to:

- Support, assess and document the preparation, consolidation, improvement and validation of village development plans and regional initiatives eligible for MCL CDP funding;
- Serve as a key point of contact for key stakeholders including representatives from *Bappeda* and line ministries as appropriate for validation and consolidation of development plans from participating villages and initiatives for regionally focused activities with potential for MCL CDP funding;
- Formulate strategies and approaches for increased participation from communities, CSOs, Local Government, and counterparts in planning at village and regional levels;
- Assess efficacy of efforts to increase community and citizen participation in the planning process;
- Identify gaps and training needs to improve planning efforts among community leaders, civil society organizations, local officials, and community members;
- Assist in developing methods, indicators and approach for measuring MCL CDP programmatic effectiveness, including outputs and impact;
- Provide input, documentation, data and analysis associated with planning within the established database to facilitate information sharing and the basis for analysis for qualitative impact by the Assessment Unit and others monitoring and evaluating MCL CDP performance;

- Collaborate and work closely with the other members of the Advisory Council's other functional units including; Information, Assessment and Coordination in response to guidance from the Senior Manager and Operations Manager.

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**MCL Community Development Advisory Council**

**SCOPE OF WORK**

**PROJECT OFFICER**

The present Scope of Work describes responsibilities for the MCL Community Development Advisory Council position of Project Officer. The Project Officer will be based in Bojonegoro, and report directly to the Advisory Council's Senior Manager. The Project Officer will be responsible for ensuring the effective monitoring of field projects including the collection of output and impact data resulting from community development investments at the village and regional levels. The Senior Project Officer's responsibilities include but are not limited to:

- Work closely with MCL CDP staff, especially the Monitoring and Evaluation Specialist to make sure monitoring data are collected;
- Prepare reports on MCL funded development activity progress and provide briefings on evaluations conducted to functional units and leadership council;
- Assist other functional units with analysis and exploitation of monitoring and evaluation data;
- Mentor Advisory Council staff on monitoring and evaluation methods as necessary;
- Chair regular evaluation meetings; and
- Other duties as assigned by the Senior Manager, consistent with the overall focus of the assignment.

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**MCL Community Development Advisory Council**

**SCOPE OF WORK**

**SENIOR PROGRAM COORDINATOR**

The present Scope of Work describes responsibilities for the MCL Community Development Advisory Council position of Senior Program Coordinator. The Senior Program Officer will be based in Bojonegoro and report directly to MCL Advisory Council's Senior Manager. The Senior Program Coordinator will oversee the Coordination Unit's experts in health, education and economic growth and will be responsible for facilitating cooperation and coordination with and among technical agencies, government offices, and relevant working groups on project planning and implementation. The Senior Program Coordinator's responsibilities include but are not limited to:

- Supervise subject-area experts working in the Coordination Unit of the Advisory Council;

- In cooperation with other CDAC staff, compile and keep up-to-date a list of all development activities being undertaken by technical agencies, government, private companies, and other donors, in the MCL CDP area, paying special attention to those focusing on health, education, or economic growth;
- Meet regularly with representatives of relevant technical agencies, government offices, and others to discuss MCL CDP activities, and possible areas of contention or avenues for cooperation;
- Review MCL CDP and CDAC activity plans to ensure compatibility with conditions on the ground, government regulations/concerns, and other development activities;
- Brief CDAC Senior Manager & Leadership Council, as well as management from MCL CDP, MCL, and USAID on overall state of development and current activities in the MCL CDP area;
- Act as primary liaison to, and provide advice and support to capacity building for, local NGOs and CSOs; and
- Other duties as assigned by the Senior Manager, consistent with the overall focus of the assignment.

# Annex VII: MCL Community Development Program Staff Illustrative Scopes of Work

**Mobil Cepu Ltd. Community Development Program (MCL CDP)**

**SCOPE OF WORK**

**PROGRAM DIRECTOR**

The present Scope of Work describes responsibilities for the MCL CDP position of Program Director. The Program Director will be based in Jakarta and be responsible for all aspects of managing and leading contractor-designated activities of the program More specifically, the responsibilities of the Program Director include but are not limited to:

- Coordinate with MCL representative and USAID CTO in formulating, adapting, and implementing the program's overall strategy;
- Supervise all aspects of program operations, administration, procurement, budgeting, financial accounting, and information systems management;
- Ensure procedures are established and complied with for grant selection criteria, funds liquidity, procurement and administration actions;
- Ensure the timeliness and quality of work of DAI personnel; and
- Provide leadership and participate in the monitoring and evaluation of grant-funded activities.

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**Mobil Cepu Ltd. Community Development Program (MCL CDP)**

**SCOPE OF WORK**

**SENIOR PROGRAM DEVELOPMENT SPECIALIST**

The present Scope of Work describes responsibilities for the MCL CDP position of Senior Program Development Specialist. The Senior Program Development Specialist will be based in Bojonegoro, and report directly to the Program Director. As Senior Program Development Specialist, he/she will participate in the development of overall program strategy and approaches and be responsible for the development of grant-funded proposals and monitoring associated activities within the context of stated program objectives and strategies. More specifically, the duties of the Senior Program Development Specialist include, but are not limited to:

- Supervise Monitoring and Evaluation Specialist, Field Coordinators, and Community Facilitators;
- Oversee the work of short-term consultants and engineers;
- Take a lead role in the development of grant-funded activities and draft, edit and submit grant proposals to MCL and the USAID CTO for consideration and approval;

- Provide policy guidance and interpretation for grantees regarding grant-making authority and grant management policies, procedures and practices;
- Monitor and assess the impact of program activities, with a focus on how grant portfolios in specific geographic locations contribute to broader program objectives, through frequent visits to the field and interviews with participants and beneficiaries;
- Maintain and continue to build a network of local partners, measuring their capacity for collaboration in activities within the context of program goal and objectives;
- Liaise and work with, and promote coordination and collaboration between MCL CDP, government authorities, non-government organizations and communities in developing community capacity to plan, implement and monitor their development initiatives;
- Promote and provide leadership in the practice of good governance in communities;
- Keep abreast of national and regional political, social, economic and humanitarian developments and prepare and deliver written and oral briefings when requested;
- Consult regularly with local and international CSOs, donors and government officials active in regions of focus on development policies, political developments and security and access issues;
- Assist in identifying needs, and formulating, managing and delivering appropriate training for MCL CDP staff members, government personnel and community leaders;
- Assist and work with the MCL CDP Monitoring and Evaluation Specialist in writing reports on program activities;
- Other duties as assigned by the Program Director, consistent with the overall focus of the assignment.

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**Mobil Cepu Ltd. Community Development Program (MCL CDP)**

**SCOPE OF WORK**

**OPERATIONS MANAGER**

The present Scope of Work describes responsibilities for the MCL CDP position of Operations Manager. The Operations Manager will be based in Bojonegoro, report directly to the Program Director, ensure that financial and operational policies, procedures and controls are established and functioning properly and be responsible for program human resource functions. More specifically, the responsibilities of the Operations Manager include but are not limited to:

- Supervise the Office Manager, Finance Manager, and IT/MIS Manager;
- Provide guidance and training to accounting, grants management, and office management staff;
- With the Finance Manager, analyze financial vouchers for errors and omissions, and take necessary actions to correct them;
- Oversee human resource management systems, including associated recruitment and budgeting functions;
- As Agreement Officer, sign and ensure completion in accordance with MCL CDP, MCL, and USAID regulations of all grant agreements, amendments, and associated documentation;
- Ensure that internal financial and operation systems audits are conducted, and that associated reports and recommendations are delivered quickly to the Program Director;
- Assist in writing of reports on program activities;

- Advise Program Director on issues related to MCL CDP, MCL, and USAID policy; and
- Perform duties as Acting Program Director when the Program Director is absent.

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**Mobil Cepu Ltd. Community Development Program (MCL CDP)**

**SCOPE OF WORK**

**MONITORING AND EVALUATION SPECIALIST**

The present Scope of Work describes responsibilities for the MCL CDP position of Monitoring and Evaluation Specialist. The Monitoring and Evaluation Specialist will be based in Bojonegoro and report directly to the Senior Project Development Specialist. The Monitoring and Evaluation Specialist has the primary responsibility for monitoring and evaluation of MCL CDP funded activities. He/she will train MCL CDP staff and partners in monitoring and evaluation techniques, and will act as a special advisor to the staff of the MCL Community Development Advisory Council. The responsibilities of the Monitoring and Evaluation Specialist include, but are not limited to:

- Coordinate staff involvement and responsibilities in program monitoring and evaluation;
- Work closely with the Senior Project Development Specialist and Field Coordinators to ensure that monitoring data are collected and entered into the program database for all grant-funded activities;
- Provide leadership in assessing progress toward achievement of overall program objectives and outputs;
- Provide training and advice on monitoring and evaluation to local partners and grantees, including, specifically, the Community Development Advisory Council;
- Chair regular monitoring and evaluation meetings;
- Coordinate with the Senior Project Development Specialist in the preparation and presentation to MCL and USAID of reports on the progress and impact of program activities;
- Other duties as assigned by the Senior Program Development Specialist, consistent with the overall focus of the assignment.

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**Mobil Cepu Ltd. Community Development Program (MCL CDP)**

**SCOPE OF WORK**

**FINANCE MANAGER**

The present Scope of Work describes responsibilities for the MCL CDP position of Finance Manager. The Finance Manager will be based in Bojonegoro, report directly to the Operations Manager, and be responsible for all aspects of project finance management. More specifically, the responsibilities of the Finance Manager include but are not limited to:

- Supervise Project and Grants Accountants, Senior Grants Manager, and Procurement Officers;
- Represent MCL CDP in all bank, tax and customs issues related to office financial operations, in Jakarta and all field offices;
- Maintain liquidity of project accounts, including all field office accounts;
- Ensure compliance with MCL CDP finance approval and signatory policies through regular audits, and keep specimen signatures on file for all authorized personnel;
- Design and maintain systems and procedures to ensure timely processing of cash transactions and wire transfer payments;
- Oversee and audit Project Accountant entry of financial transactions in the field accounting system, ensuring proper coding of transactions;
- Organize information for and complete periodic financial reports, including Field Expense Report and Bank Reconciliation Report, and submit them directly to DAI/Bethesda;
- Monitor the execution of grants budgets;
- Ensure grant files include all necessary accounting documentation and are "audit ready";
- Process and record customs, taxes and other government fees or licenses as required;
- Prepare and maintain local staff employment agreements and process payroll for all local employees, based in Jakarta and field offices;
- Negotiate contracts and maintain relations with sub-contractors and/or vendors, ensuring accurate and timely processing of associated vouchers;
- Establish and audit accounts, to be maintained by Project Accountants, of repayment by staff for personal use of project equipment; and
- Other duties as assigned by the Operations Manager, consistent with the overall focus of the assignment.

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**Mobil Cepu Ltd. Community Development Program (MCL CDP)**

**SCOPE OF WORK**

**SENIOR GRANTS MANAGER**

The present Scope of Work describes responsibilities for the MCL CDP position of Senior Grants Manager. The Senior Grants Manager will be based in Bojonegoro and report directly to the Finance Manager. The Senior Grants Manger is the liaison between MCL CDP and the grantee for implementation issues and is responsible for managing the implementation of all program grant agreements. More specifically, the responsibilities of the Senior Grants Manager include but are not limited to:

- Supervise the Grants Manager;
- Sign and ensure completion of all grant payment requests, bid comparison matrices, formal written correspondence with grantees and other relevant documentation in accordance with MCL CDP, MCL, and USAID regulations;
- Ensure the clarity, completeness and accuracy of the MCL CDP grant policies, procedures and reporting requirements;
- Ensure that information on grant development process and implementation is accurate and complete and shared with MCL and USAID;
- Measure grantee financial and management capacity and propose implementation strategies;
- Ensure proper negotiation of terms and conditions for grants and amendments as necessary, with focus on analyzing budget estimates for allowability, reasonableness, and consistency;

- Ensure that grantees have received and understand MCL CDP grant policies, procedures and reporting requirements;
- Prepare grant agreements for approval;
- Monitor cash-flow requirements for grants;
- Ensure that all grant implementation and monitoring data is captured in the grants database;
- Participate in the archiving of grants, ensuring that grant implementation documents, including grant award clearances, grant agreements, amendments, and final reports are prepared for archiving; and
- Other duties as assigned by the Finance Manager, consistent with the overall focus of the assignment.

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**Mobil Cepu Ltd. Community Development Program (MCL CDP)**

**SCOPE OF WORK**

**GRANTS MANAGER**

The present Scope of Work describes responsibilities for the MCL CDP position of Grants Manager. The Grants Manager will be based in Bojonegoro and report directly to the Finance Manager. The Grants Manager is the liaison between MCL CDP and the grantee for implementation issues and is responsible for managing the implementation of program grant agreements. More specifically, the responsibilities of the Grants Manager include but are not limited to:

- Measure grantee financial and management capacity and propose implementation strategies;
- Ensure proper negotiation of terms and conditions for grants, and amendments as necessary, with focus on analyzing budget estimates to ensure all costs conform with MCL, USAID, and DAI regulations and policies;
- Ensure that grantees have received and understand MCL CDP grant policies, procedures and reporting requirements;
- Prepare grant agreements for approval;
- Ensure that grant disbursements conform with grant agreement budgets;
- Monitor cash-flow requirements for grants;
- Ensure that all grant implementation and monitoring data is captured in the grants database;
- Participate in the archiving of grants, ensuring that grant implementation documents, including grant award clearances, grant agreements, amendments and final reports, are prepared for archiving; and
- Other duties as assigned by the Finance Manager, consistent with the overall focus of the assignment.

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**Mobil Cepu Ltd. Community Development Program (MCL CDP)**

**SCOPE OF WORK**

**GRANTS ACCOUNTANT**

The present Scope of Work describes responsibilities for the MCL CDP position of Grants Accountant. The Grants Accountant will be based in Bojonegoro, report directly to the Finance/Senior Grants Manager, and be responsible for all aspects of the grants accounting. More specifically, the responsibilities of the Grants Accountant include but are not limited to:

- Review grant payment requests and associated documentation;
- Maintain daily grant disbursement tracking log;
- Maintain grant files and ensure they include all necessary accounting documentation and are "audit ready";
- Maintain up-to-date grant accounts information, including entry of accounts data into project grants database;
- Create archive grant files, ensuring they include all necessary documentation, including finance documents, financial reports, final project reports and relevant letters of approval, and are "audit ready";
- Enter data on archive process into project grants database;
- Other duties as assigned by the Senior Grants Accountant, consistent with the overall focus of the assignment.

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**Mobil Cepu Ltd. Community Development Program (MCL CDP)**

**SCOPE OF WORK**

**PROJECT ACCOUNTANT**

The present Scope of Work describes responsibilities for the MCL CDP position of Project Accountant. The Project Accountant will be based in Bojonegoro, report directly to the Finance Manager, and be responsible for undertaking basic accounting tasks. More specifically, Project Accountant responsibilities include but are not limited to:

- Prepare and or review all payment requests and associated documentation;
- Prepare on a daily basis all checks and fund transfers;
- Complete cash and check payments to grantees, vendors and staff (e.g., for travel related expenses), including liaison with the bank regarding daily transactions and recording these transactions in a tracking log;
- Maintain records of all transactions and assist in the preparation of monthly Field Expense Reports for transmission to DAI/Bethesda;
- Review monthly vouchers delivered to USAID/Jakarta against associated Field Expense Reports and data contained in TAMIS;

- Maintain grant accounts documents, including wire transfer receipts and grant payment records;
- Manage expenditures and maintain records associated with DAI-SPD petty cash accounts;
- Track operations expenditures against approved project budget;
- Facilitate repayment by staff for personal use of project equipment; and
- Other duties as assigned by the Comptroller, consistent with the overall focus of the assignment.

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**Mobil Cepu Ltd. Community Development Program (MCL CDP)**

**SCOPE OF WORK**

**PROCUREMENT OFFICER**

The present Scope of Work describes responsibilities for the MCL CDP position of Procurement Officer. The Procurement Officer will be based in Bojonegoro and report directly to the Finance Manager. The Procurement Officer is the liaison between MCL CDP and vendors for procurement issues and is responsible for program procurement tasks. More specifically, the responsibilities of Procurement Officer include but are not limited to:

- Provide input to program database of suppliers of goods and services;
- Procure goods and services in accordance with MCL CDP, MCL, and USAID regulations and policies;
- Ensure that vendors understand procurement policies, procedures and reporting requirements;
- Solicit and collect bids, build bid comparison matrices, and make recommendations for vendor selection;
- Measure grantee capacity to manage procurement and propose associated training and implementation strategies; and
- Other duties as assigned by the Finance Manager, consistent with the overall focus of the assignment.

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**Mobil Cepu Ltd. Community Development Program**

**SCOPE OF WORK**

**INFORMATON TECHNOLOGY/MANAGEMENT INFORMATION SYSTEMS (IT/MIS) MANAGER**

The present Scope of Work describes responsibilities for the MCL CDP position of IT/MIS Manager. The IT/MIS Manager will be based in Bojonegoro, reports directly to the Operations Manager, and is responsible for managing and providing leadership in the design, development, integration and maintenance of program computer and information systems. The IT/MIS Manager must ensure that all program systems are compatible with and linked to

global DAI systems and local MCL or USAID systems as appropriate. More specifically, the responsibilities of the IT/MIS Manager include but are not limited to:

- Supervise the IT/MIS Assistant;
- Install and ensure maintenance of MCL CDP office computer systems and servers, including trouble-shooting computer software and hardware problems and preparing computers for use by program personnel;
- Ensure security and integrity of all program computer systems;
- Provide leadership in the design, use and maintenance of program management information systems, including the grants database, monitoring indicators database, and geographic information systems;
- Oversee the design, use and maintenance of project-specific data management systems, with a focus on those associated with community-based initiatives, ensuring that these systems are linked with other program-wide data management systems as appropriate;
- Evaluate and provide recommendations for improving system performance, and devise new systems or programs (conducting feasibility studies as appropriate) that improve the MCL CDP staff efficiency in performing data management, analysis and decision-making tasks;
- Provide leadership in the development and implementation of field surveys, including associated data management tasks and collection of relevant spatial data (GPS points);
- Ensure accuracy, completeness and security of data entered into program and project databases;
- Ensure one-to-one correspondence between DAI and relevant MCL or USAID databases, and collaborate with MCL and USAID on data system issues;
- Identify staff training needs, design plans for addressing these needs, and ensure provision of training and mentoring as necessary and appropriate;
- Measure grantee capacity to use information technology and propose training strategies;
- Aid the Senior Program Development Specialist and Monitoring and Evaluation Specialist in the preparation and presentation to MCL and USAID of reports on the progress and impact of program activities; and
- Other duties as assigned by the Operations Manager consistent with the overall focus of the assignment.

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**Mobil Cepu Ltd. Community Development Program (MCL CDP)**

**SCOPE OF WORK**

**INFORMATION TECHNOLOGY/MANAGEMENT INFORMATION SYSTEMS (IT/MIS) ASSISTANT**

The present Scope of Work describes responsibilities for the MCL CDP position of IT/MIS Assistant. The IT/MIS Assistant will be based in Bojonegoro, report directly to the IT/MIS Manager, and is responsible for maintaining program information systems, including the program grants database. More specifically, the responsibilities of the MIS Assistant include but are not limited to:

- Maintain project management information systems, including the grants database, monitoring indicators database, and geographic information systems (GIS);
- Ensure accuracy, completeness and security of data entered into program databases;
- Provide guidance to staff in the use and maintenance of computer-based management information systems;
- Prepare computers for use by staff and trouble-shoot computer software and hardware problems;
- Assist in the preparation of reports on the progress and impact of program activities;
- Perform duties as Acting IT/MIS Manager when the IT/MIS Manager is absent from the office; and
- Other duties as assigned by the IT/MIS Manager consistent with the overall focus of the assignment.

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**Mobil Cepu Ltd. Community Development Program (MCL CDP)**

**SCOPE OF WORK**

**FIELD COORDINATOR**

The present Scope of Work describes responsibilities for the MCL CDP position of Field Coordinator. The Field Coordinator will be based in Bojonegoro and report directly to the Senior Program Development Specialist. With a focus on program activities in community-based initiatives in the Cepu block area, the Field Coordinator works with Community Facilitators and communities to prepare local development plans, including livelihoods improvement and capacity building activities, and assists communities in the implementation of MCL CDP funded activities. Field Coordinator responsibilities include but are not limited to:

- Supervise Community Facilitators as assigned by the Senior Program Development Specialist;
- Mentor and monitor the performance of assigned Community Facilitators;
- Coordinate and ensure regular and effective communication between MCL CDP and communities;
- Promote and provide leadership in the practice of good governance in communities;
- Coordinate and assist Community Facilitators and communities to prepare local development plans, and motivate community members to implement their plans;
- Coordinate and assist community leaders in preparing project proposals for submission to MCL CDP, MCL, USAID, government agencies, and other donor organizations;
- Coordinate the design and delivery of training events to community clusters;
- Provide guidance and interpretation to Community Facilitators and communities regarding MCL CDP grant management policies, procedures, and practices;
- Monitor the use of project resources and assess the impact of program activities, with a focus on how grant portfolios in communities contribute to broader program objectives, through interviews with community members;
- Assist Community Facilitators to actively manage and resolve local issues;
- Assist Community Facilitators to establish village-based Civil Society Organizations to manage development assistance channeled to the village through donor organizations;
- Coordinate MCL CDP initiatives with local government and traditional authorities, government agencies, NGOs, and other organizations working in their communities;

- Conduct weekly progress meetings with Community Facilitators and prepare weekly progress reports and work plans;
- Participate in weekly MCL CDP management meetings;
- Other duties as assigned by the Senior Program Development Specialist, consistent with the overall focus of the assignment.

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**Mobil Cepu Ltd. Community Development Program (MCL CDP)**

**SCOPE OF WORK**

**COMMUNITY FACILITATOR**

The present Scope of Work describes responsibilities for the MCL CDP position of Community Facilitator. The Community Facilitator will be based in Bojonegoro and report directly to a Field Coordinator. With a focus on program activities in community-based initiatives in the Cepu block area, the Community Facilitator is the liaison between MCL CDP and communities participating in MCL CDP funded initiatives (hereafter referred to as "communities"). The Community Facilitator works with communities to prepare local development plans, including livelihoods improvement and capacity building activities, and for assisting communities in the implementation of MCL CDP funded activities. Community Facilitator responsibilities include but are not limited to:

- Ensure regular and effective communication between MCL CDP and communities;
- Promote and provide leadership in the practice of good governance in communities;
- Assist communities to prepare local development plans, and motivate community members to implement their plans;
- Provide training to and assist community leaders in preparing project proposals for submission to MCL CDP, MCL, USAID, government agencies, and other donor organizations;
- With community leaders, identify local training needs, design plans for addressing these needs, and provide training and mentoring as necessary and appropriate;
- Provide guidance and interpretation to communities regarding MCL CDP grant management policies, procedures and practices;
- Monitor the use of program resources and assess the impact of program activities, with a focus on how grant portfolios in communities contribute to broader program objectives, through interviews with community members;
- Facilitate and assist communities to actively manage and resolve local conflicts;
- Assist communities to establish village-based Civil Society Organizations to manage development assistance channeled to the village through donor organizations;
- Assist community leaders to coordinate MCL CDP initiatives with local government and traditional authorities, government agencies, NGOs, and other organizations working in their communities;
- Facilitate and participate in weekly community leader management meetings;
- Prepare weekly progress reports and work plans, and participate in weekly meetings with Field Coordinators; and
- Other duties as assigned by the Field Coordinator, consistent with the overall focus of the assignment.

# Annex VIII: Program MCL untuk Pengembangan Masyarakat (MCL PPM)

Mobil Cepu Ltd.

## Program MCL untuk Pengembangan Masyarakat (MCL PPM)

6 July 2007

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# Kerangka kerja MCL PPM: Maksud, Tujuan, Kegiatan

| Peningkatan pertumbuhan ekonomi yang berkesinambungan | Keterlibatan masyarakat dalam proses pelaksanaan program | Peningkatan kesejahteraan masyarakat |
|---|---|---|
| Penciptaan lapangan kerja<br><br>Pengembangan usaha<br><br>Peningkatan kegiatan usaha yang kompetitif<br><br>Dukungan dana bagi usaha baru dan yang sudah ada | Peningkatan kapasitas warga dan organisasi masyarakat setempat<br><br>Penyusunan Rencana Kegiatan, Pelaksanaan dan Pemantauan<br><br>Pengembangan kemitraan<br><br>Penguatan Manajemen dan Kepemimpinan | Peningkatan kesehatan masyarakat<br><br>Pembangunan fasilitas umum<br><br>Peningkatan mutu pendidikan<br><br>Penyebaran informasi |

**TUJUAN PEMBANGUNAN**
Kesejahteraan dan pembangunan masyarakat yang berkesinambungan yang dibangun berdasarkan potensi, nilai-nilai dan aspirasi masyarakat.

**Potensi Wilayah dampak dan Penerima Manfaat MCL PPM**
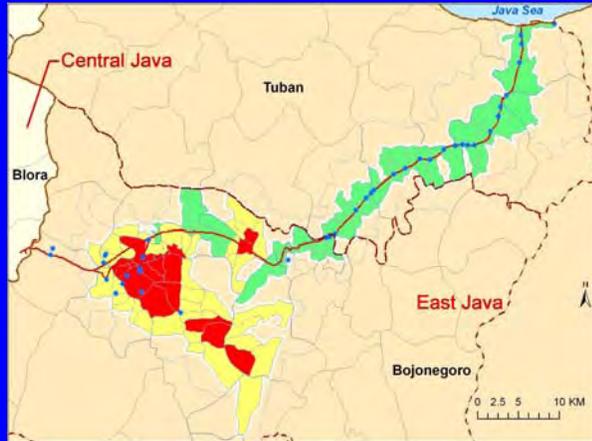
**Desa-desa dalam Grup 1:**
- 16 desa
- Penduduk 13,500

**Desa-desa dalam Grup 2:**
- 39 desa
- Penduduk 33,900

**Desa-desa dalam Grup 3:**
- 46 desa
- Penduduk 46,100



**Tata Kelola**

Melibatkan organisasi masyarakat di tingkat desa dan wilayah sebagai mitra penting dalam program tata kelola, dan yang pada akhirnya menjadi pusat dalam pengambilan keputusan dan perencanaan program.

LSM

Organisasi2 yang berbasis desa

Sektor Swasta

**Dewan Penasihat**

**Institusi Pemerintah dan Biro Perencanaan**

Organisasi2 yang berbasis masyarakat

MCL

# Komunikasi

- Mengumpulkan dan berbagi informasi dengan *stakeholders*
- Menampung masukan masyarakat berkaitan dengan program; dan
- Menyampaikan pemikiran dan catatan dari *stakeholders*

**Dewan Penasihat**

**Institusi Pemerintah dan Biro Perencanaan**
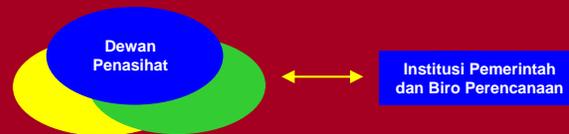
# Rencana Kegiatan MCL PPM

**Pertumbuhan Ekonomi**
**Kesehatan**
**Pendidikan**
**Tata kelola**

**Menjawab Prioritas Kebutuhan Lokal**

**Melibatkan Mitra Lokal**

**Dampak yang Terukur**

**TUJUAN PEMBANGUNAN**
Kesejahteraan dan pembangunan masyarakat yang berkesinambungan yang dibangun berdasarkan potensi, nilai-nilai dan aspirasi masyarakat.

## Rencana Kegiatan MCL PPM — Pertumbuhan Ekonomi

**Rencana Kegiatan:**

- **Meningkatkan Nilai Produk Pertanian, Pengolahan dan Pemasarannya**
- **Meningkatkan Nilai Produk Kelautan, Pengolahan dan Pemasarannya**
- **Pelatihan2 bagi Produsen dan Pengecer**

**Menetapkan prioritas, menyusun perencanaan dengan para produsen lokal**

**Melibatkan pemasok sektor swasta, asosiasi produsen, Universitas Bojonegoro**

**Kegiatan2 yang membawa dampak pada perbaikan produksi, peningkatan pendapatan**

**TUJUAN PEMBANGUNAN**
**Kesejahteraan dan pembangunan masyarakat yang berkesinambungan yang dibangun berdasarkan potensi, nilai-nilai dan aspirasi masyarakat.**

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## MCL PPM — Tahap Awal

**Output 1 Mengumpulkan dan Menganalisa data-data dasar**

**Output 2 Memfasilitasi diskusi *stakeholders* berkaitan dengan harapan & aspirasi**

**Output 3 Bersama *stakeholders* menyusun Dewan Penasihat MCL PPM mengadakan pelatihan-pelatihan**

**Output 4 Melakukan penilaian kapasitas organisasi lokal (mitra-mitra yang berpotensi)**

**Output 5 Menyusun Rencana final MCL PPM – Tahap Pelaksanaan**

| Juli | Agustus | September | Oktober | November |
|------|---------|-----------|---------|----------|

# Annex IX: MCL CDP Phase II Mid-Term Review

Phase II Final Report on Activities, Outputs and Recommendations for Implementing MCL CDP.

Mobil Cepu Ltd.

**MCL Community
Development Program
(MCL CDP)**

**Phase II: Mid-Term Review**

26 September 2007







## Phase 1 – December 2006 to March 2007

**Objective:** **Recommendations for a five-year community development
and investment initiative that builds on the assets and aspirations of
communities likely to be affected by Cepu Block operations**

**Outputs:**
- **Geographic scope of CACD, and description of community
  expectations and aspirations for local development;**
- **Comprehensive five-year CACD description;**
- **Presentation of (a) the social, economic and political characteristics
  in potentially affected communities and (b) the five-year CACD; and**
- **Background data collected during Phase**

**Cepu Area Community
Development Program (CACD)**   **=**   **MCL Community Development
Program (MCL CDP)**

## MCL CDP — Comprehensive & Community-Driven

**Governance**
*Build ownership, ensure sustainability*

**Communications**
*Manage expectations, ensure understanding*

**Initiatives**
*Build on local assets, capitalize on local opportunities*

**Goals and Objectives**
*Address business and development needs*

**Principles**
*Fundamental codes that guide decision making, and underpin CACD*



## MCL CDP Governance

*Engage local leaders and CSO representatives at the village and regional levels as key program governance partners,*
*and ultimately as the locus of CACD decision making and planning.*

Private Sector

NGOs

Community-based Organizations

MCL

**Advisory Council**

**Village-led CSOs**

**Government Partners & Planning Efforts**

## MCL CDP Framework: Goals, Objectives, Initiatives

**Improved & Sustainable Economic Growth**

Job Creation

Enterprise Development

Business Competitiveness

Finance for New and Existing Businesses

**Effective CSO Engagement in Development Process**

Community & Civil Society Organization Capacity Strengthening

Action Plan Development Implementation & Monitoring

Partnership Development

Leadership & Management Strengthening

**Improved Community Well-Being**

Community/Public Health Improvement

Community Infrastructure Construction

Education Improvement

Information Dissemination

**BUSINESS ORIENTED GOAL**
MCL viewed as valuable, responsible corporate citizen and neighbor in the Cepu Block area.

**DEVELOPMENT ORIENTED GOAL**
Sustainable community development & well-being built upon existing community assets, values and aspirations.

## Indicative MCL CDP Initiatives

**Economic Growth**
**Health**
**Education**
**Governance**

Address Local Priorities

Engage Local Partners

Tangible Impact

**BUSINESS ORIENTED GOAL**
MCL viewed as valuable, responsible corporate citizen and neighbor in the Cepu Block area.

**DEVELOPMENT ORIENTED GOAL**
Sustainable community development & well-being built upon existing community assets, values and aspirations.

Prepared and presented by Development Alternatives, Inc. (DAI)          26 September 2007

## Phase 2 – July to November 2007

**Objective:** Make preparations for MCL CDP through a consultative process with ExxonMobil, Cepu Block area communities and key stakeholders.

**Outputs:**

- Collect and analyze village social and economic baseline data;
- Initiate contact and begin building relationships with stakeholders in the Cepu area through focus group discussions, workshops and training events;
- Clarify the role and responsibilities of the MCL CDP Advisory Council;
- Assess capacities of local organizations resulting in a list of partners for delivering key inputs throughout MCL CDP; and
- Final MCL CDP strategy and implementation plan
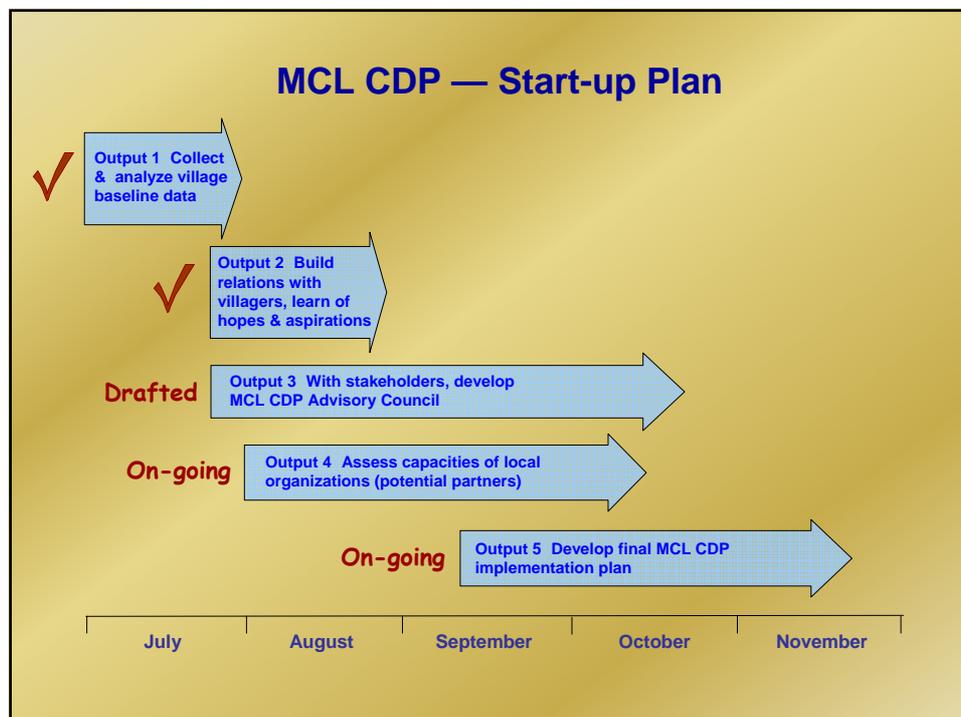
## MCL CDP — Start-up Plan

√ **Output 1** Collect & analyze village baseline data

√ **Output 2** Build relations with villagers, learn of hopes & aspirations

Drafted **Output 3** With stakeholders, develop MCL CDP Advisory Council

On-going **Output 4** Assess capacities of local organizations (potential partners)

On-going **Output 5** Develop final MCL CDP implementation plan

| July | August | September | October | November |

5

## Output 1: Collect and analyze village social and economic baseline data

**Purpose:** Gain insight into local resources available for development and collect data to facilitate selection of MCL villages

Why:
• Collect baseline information
• Collect data on village-based organizations and active local NGOs and their leaders
• Collect data on village infrastructure and access to key resources
• Collect spatial data to enable mapping of villages and their resources
• Inform Phase III direction and scope, particularly regarding village selection

Where:
*2 Districts*

*16 Sub-Districts*
• Tuban = 6
• Bojonegoro = 10

*121 Villages*
• Tuban = 39
• Bojonegoro = 82

How:
*Data Collection*
• Key informant interviews in each village
• Surveyor collects data, takes GPS reading
• Bojonegoro University students(6)

*Data Analysis and Reporting*
• Presentation and discussion
• Final Report, including database

## Demographic Data

|  | Female | Male | Total |
|---|---|---|---|
| Total Population | 189,574 | 180,843 | 440,934 |
| Percent of Total | 51.2% | 48.8% |  |
| Families |  |  | 116,318 |
| Persons per Family |  |  | 3.8 |
| Widows/Divorcees |  |  | 4,069 |
|  | Minimum | Maximum | Average |
| Village Population Range, persons | 914 | 10,543 | 3,644 |
| Village Population Range, families | 235 | 2,544 | 977 |

## Village Infrastructure

| | Present | | Present |
|---|---|---|---|
| Village Office | 121 | Elementary School, Religious | 69 |
| Community Center | 121 | Junior High School, public | 16 |
| Sub-District Health Clinic | 20 | Junior High School, private | 7 |
| Village Health Clinic | 61 | Junior High School, religious | 37 |
| Religious Study Center | 118 | High School, public | 10 |
| Elementary School, public | 117 | High School, private | 10 |
| Elementary School, private | 4 | High School, religious | 15 |

## Electricity, Water and Sanitation

| | All | > 50% | < 50% | None |
|---|---|---|---|---|
| Government Electric Supply | 95 | 14 | 12 | 0 |
| Government Water Supply | 3 | 25 | 16 | 77 |
| Deep Well | 22 | 51 | 38 | 9 |
| Shallow Well | 3 | 38 | 55 | 25 |
| Private Washing Facility | 23 | 53 | 41 | 3 |
| Public Washing Facility [3] | 0 | 18 | 26 | 75 |
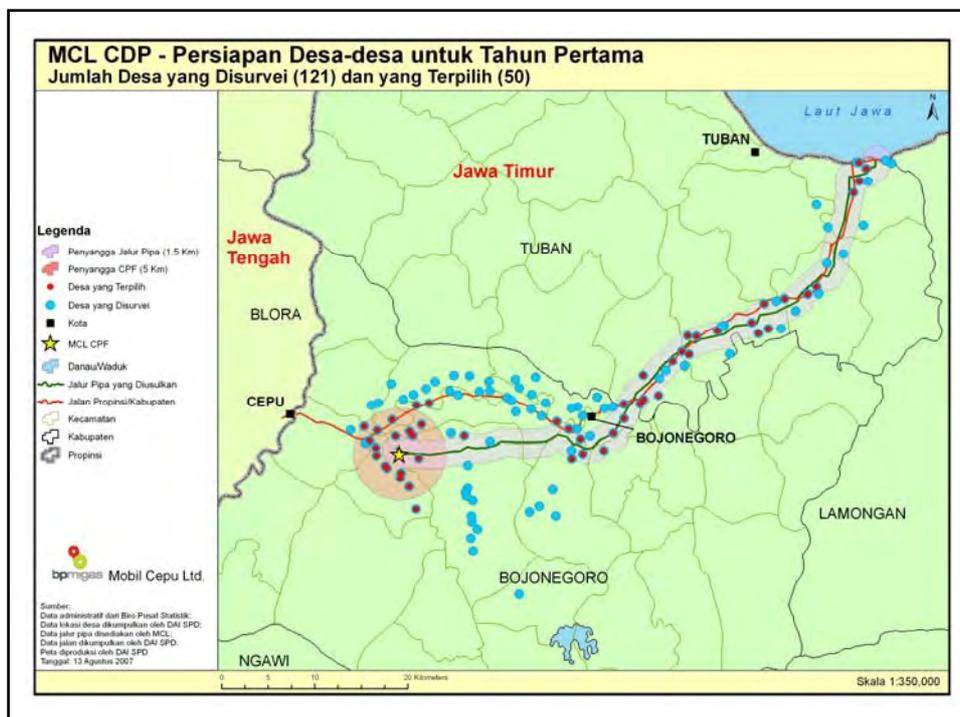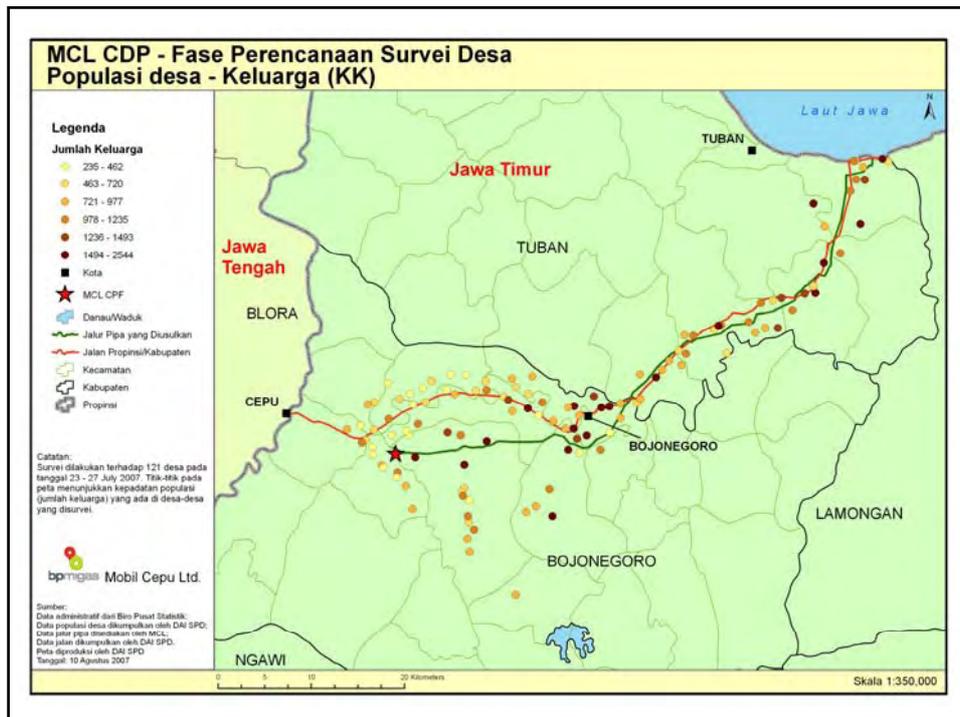
## Output 2: Build relations with villagers, learn of hopes & aspirations through focus group discussions, workshops and training events

**Purpose:** Understand local aspirations and fears regarding MCL operations and how they might impact local communities

**Why:**
- Collect baseline information
- Expand and build relations with local communities and groups
- Assess local views of stakeholder roles and responsibilities
- Inform Phase III direction and scope
- Gauge local expectations regarding final outputs of Phase III

**Who:**
*Village*
- Representatives
- Women's groups
- Youth groups
- Associations

*Regional*
- Business reps
- Civil society leaders
- GoI representatives
- Education service reps
- Health service reps
- MCL

**How:**
*Data Collection*
- Group discussions
- Key informant interviews
- DAI Community Dev't Specialists (6)
- Bojonegoro Univ students(6)

*Data Analysis and Reporting*
- Field team analysis and discussion
- Presentation and discussion
- Final Report

---

| Perceptions of Well-Being Today | → | Perceptions of Well-Being in 5 Years | → | Perceptions of Well-Being in 30 Years |
|---|---|---|---|---|

**Themes**
- **Values**
  - ○ **Equity**
  - ○ **Identity**
  - ○ **Participation**
- **Livelihoods**
  - ○ **Education**
  - ○ **Health**
  - ○ **Economic assets**
- **Relationships**
  - ○ **Government**
  - ○ **Leadership**
  - ○ **Intra-community**
- **Conflict**
  - ○ **Mitigation**
  - ○ **Triggers**
- **Security and Safety**
  - ○ **Law and order**
  - ○ **Environment**

**Themes**
- **Values**
  - ○ **Equity**
  - ○ **Identity**
  - ○ **Participation**
- **Livelihoods**
  - ○ **Education**
  - ○ **Health**
  - ○ **Economic assets**
- **Relationships**
  - ○ **Government**
  - ○ **Leadership**
  - ○ **Intra-community**
- **Conflict**
  - ○ **Mitigation**
  - ○ **Triggers**
- **Security and Safety**
  - ○ **Law and Order**
  - ○ **Environment**

**Themes**
- **Values**
  - ○ **Equity**
  - ○ **Identity**
  - ○ **Participation**
- **Livelihoods**
  - ○ **Education**
  - ○ **Health**
  - ○ **Economic assets**
- **Relationships**
  - ○ **Government**
  - ○ **Leadership**
  - ○ **Intra-community**
- **Conflict**
  - ○ **Mitigation**
  - ○ **Triggers**
- **Security and Safety**
  - ○ **Law and Order**
  - ○ **Environment**

**Purpose:** Understand local aspirations and fears regarding MCL operations and how they might impact local communities

## District Level Participants

**District-level Gov't**
*Blora, 8 persons*
*Bojonegoro, 7 persons*

*Dept. of Education*
*Dept. of Health*
*Ministry of Industry and Trade*
*Dept. of Agriculture*
*Regional Development Board*
*Regent's Office*

**Education Sector**
*8 persons*

*University of Bojonegoro*
*Elementary Schools*
*Junior High Schools*
*High Schools*

**Health Sector**
*7 persons*

*Hospitals*
*Sub-District Health Clinics*
*Village Health Clinics*

**NGOs**
*11 persons*

*LP2M (Economy)*
*Forkomas Baja (Advocacy)*
*Semar (Economy)*
*IDFOS (Women)*
*KPI (Women)*
*SPBU (Education/Economy)*

**MCL**
*8 persons*

*SHE*
*Land Team*
*Medical*
*Security*
*Media Relations*
*ComRel/ComDev*
*Government Relations*

## Village Level Participants

**Bojonegoro**

*9 Villages*
*152 Men*
*41 Women*

**Tuban**

*6 Villages*
*105 Men*
*28 Women*

**Farmers**

**Fishermen**

**Village Leaders**

**Women**

**Youth**

Prepared and presented by Development Alternatives, Inc. (DAI)          26 September 2007

## Key Findings …

**Defining community development**
*People have different understandings of local development*

**Communication, transparency, accountability and timeliness**
*Critical issues/values for MCL CDP, keeps challenges from becoming problems*

**Three pillars—shared priorities**
*Community members and government representatives underlined the need to focus on these issues*

**Don't cultivate a culture of dependency**
*Everyone wants MCL CDP to support self-sufficiency and self-reliance*

**Put power in the hands of village communities**
*Encourage ownership of local development, villagers ready to engage*

# Comments from MCL staff in the field …

**Key messages—internal and external**
*Everyone has to be on message both within and without MCL*

**Local NGOs**
*Some are able to contribute, others may need support*
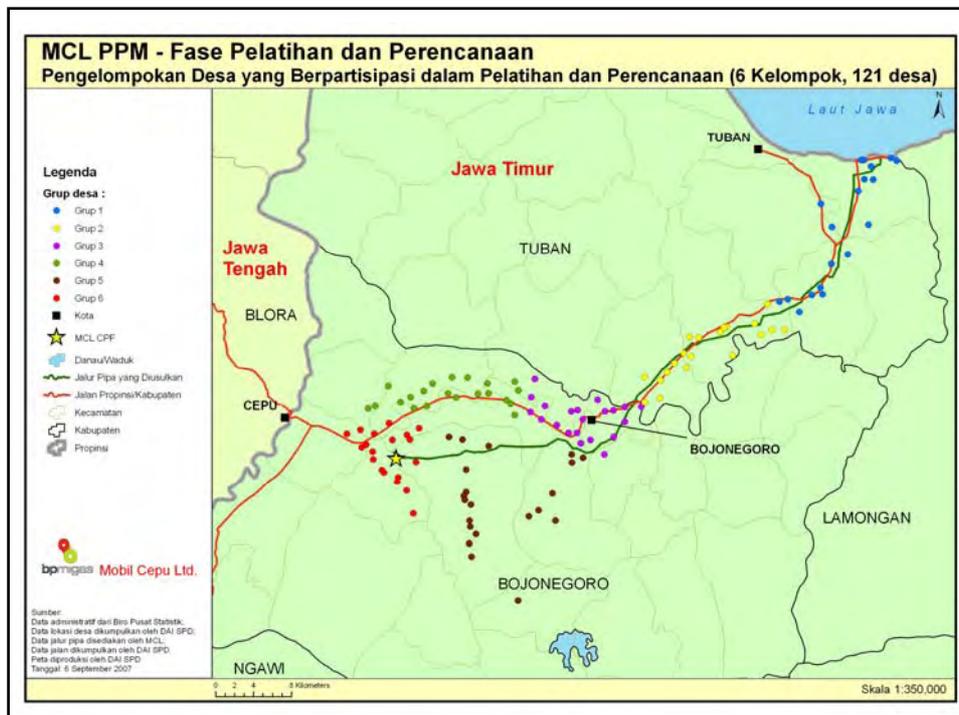
**Security and Community Development**
*Community Development can have a positive impact on security*

**Putting out fires—the War Room**
*It is better to prevent rather than react to problems*

**Cooperation and coordination between divisions of MCL**
*Internal coordination and communication are critical*

**Personal Empowerment and Awareness Training**

**Provide a psychological and practical framework for achieving sustainable personal and organizational growth**

**Positive Operating System**

**Scarcity Operating System**
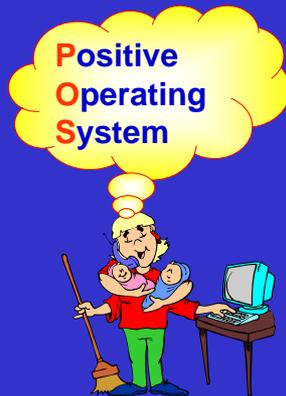
## ATTITUDE

| SOS | POS |
|-----|-----|
| 1. Pessimistic | 1. Optimistic |
| 2. Close, Fearful | 2. Open, Enthusiastic |
| 3. Self Centered | 3. Sympathy |
| 4. Partial, Bias | 4. Empathy |
| 5. Short Term Gain | 5. Long Term Goal |
| 6. Feel out of control | 6. Feel in control |

13

## WORLD VIEW

| SOS | POS |
|-----|-----|
| 1. Scarcity | 1. Prosperity |
| 2. Danger | 2. Safe |
| 3. Narrow | 3. Broad |
| 4. Fragmented | 4. Connected ONE |
| 5. Future Negative | 5. Future Positive |
| 6. Externally Driven | 6. Internally Driven |
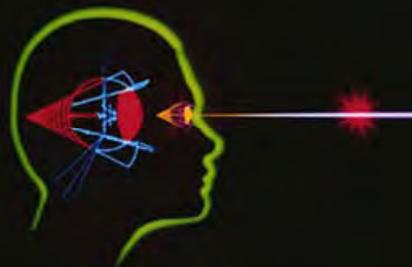


The way we see the world, determines our behavior in that world.

# Output 3: Clarify the role and responsibilities of the MCL CDP Advisory Council

Guiding Principles

- Support the goals, objectives and approach of MCL CDP;

- Facilitate transparency and accountability in all aspects of MCL CDP;

- Build successful partnerships to ensure sensitivity and responsiveness to community values and priorities; and
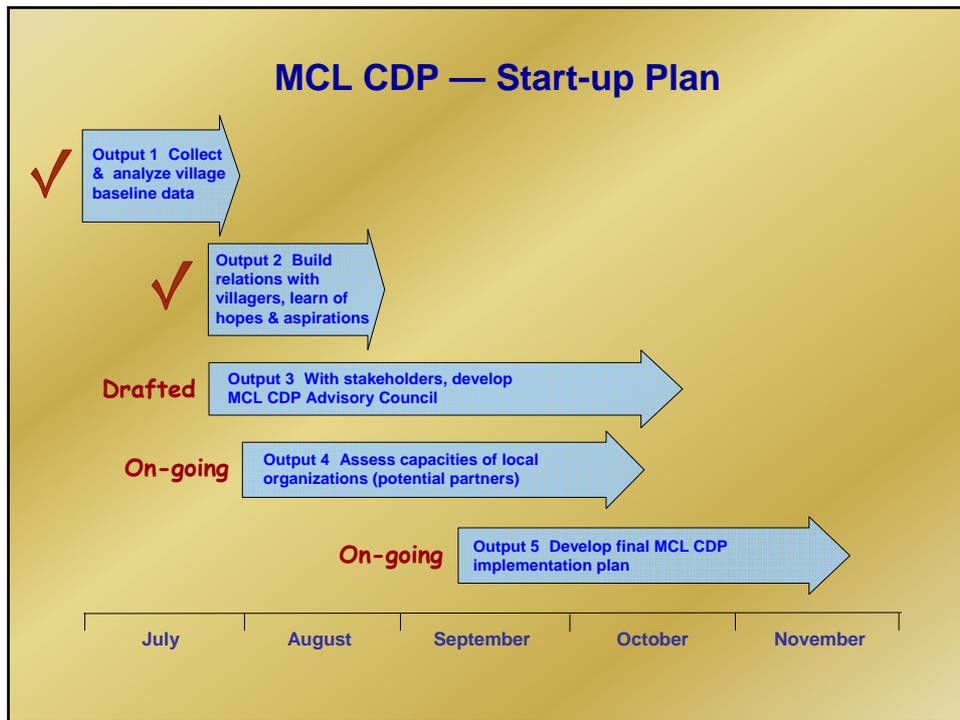
- Generate creative responses rather than solutions.
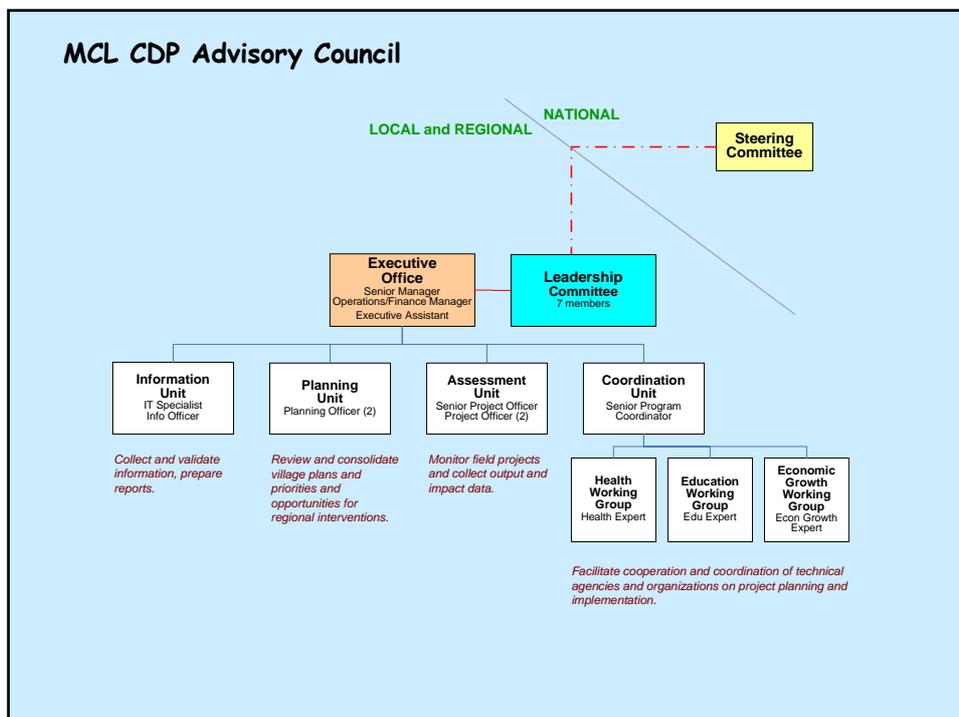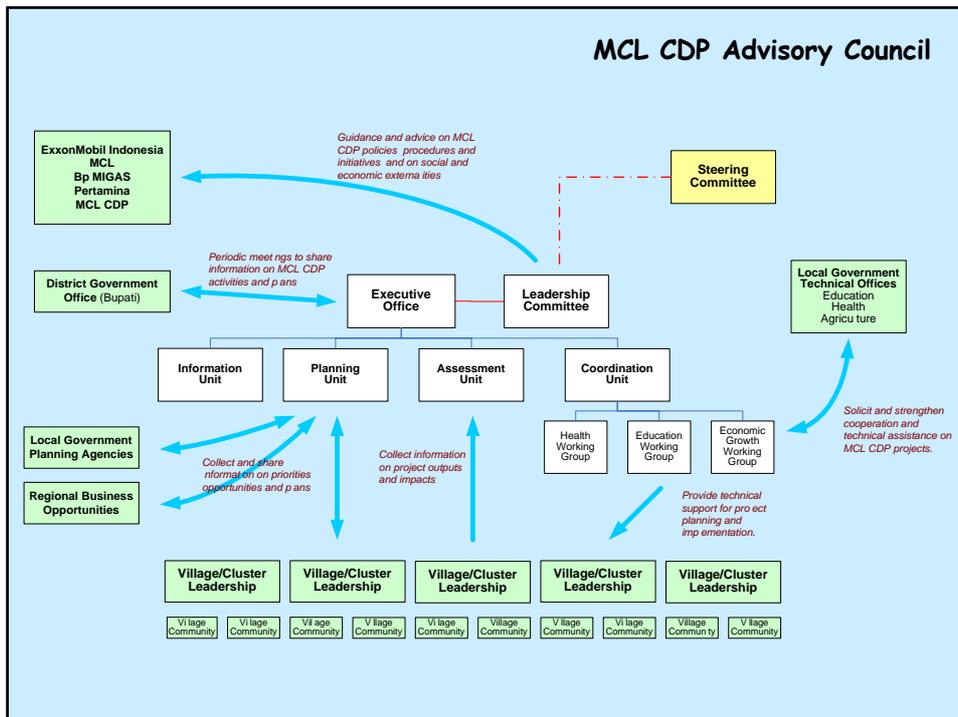
## Considerations as We Move Forward with the Advisory Council

Expect to make changes in the Council structure – the environment is dynamic, the Council must be also.

Assessment of Value – evaluate the Council along the way, be ready to change and adapt as necessary.

The real challenge will come in establishing the Council – it will take time and patience.

**MCL CDP — Start-up Plan**

√ Output 1  Collect & analyze village baseline data

√ Output 2  Build relations with villagers, learn of hopes & aspirations

Drafted  Output 3  With stakeholders, develop MCL CDP Advisory Council

On-going  Output 4  Assess capacities of local organizations (potential partners)

On-going  Output 5  Develop final MCL CDP implementation plan

| July | August | September | October | November |

# Annex X:     MCL CDP Phase II Final Presentation

Mobil Cepu Ltd.

MCL Community
Development Program
(MCL CDP)

Phase II: Final Presentation

14 November 2007

# Phase II Final Presentation: Overview

Phase I: Design Phase resulted in a framework for a comprehensive community development program (MCL CDP).

Phase II: Made preparations for MCL CDP's implementation through consultative processes.
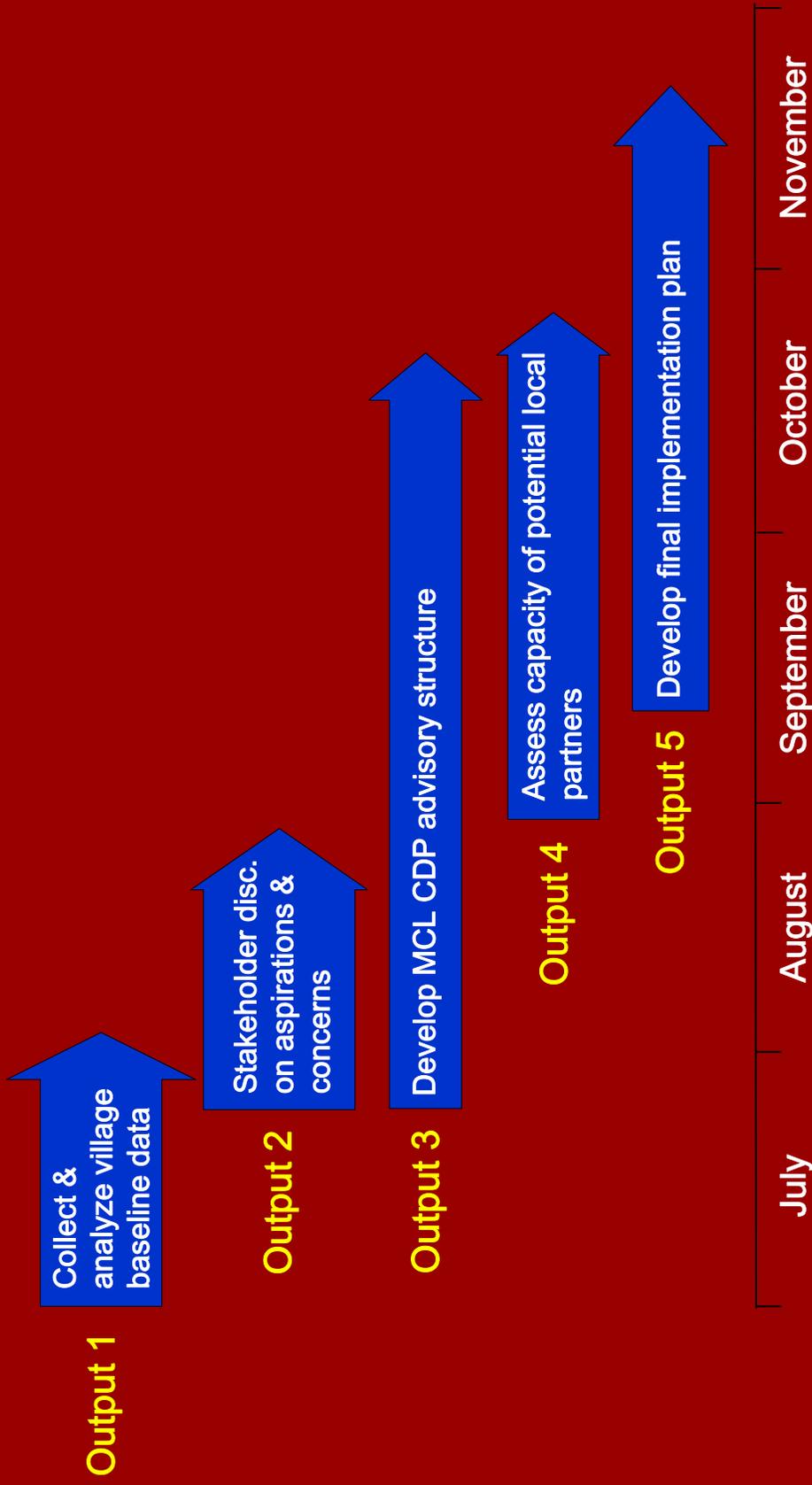
This presentation focuses on the outcome of activities undertaken during this phase (5 outputs)…

And concludes by highlighting implications for MCL CDP's full implementation or Phase III.
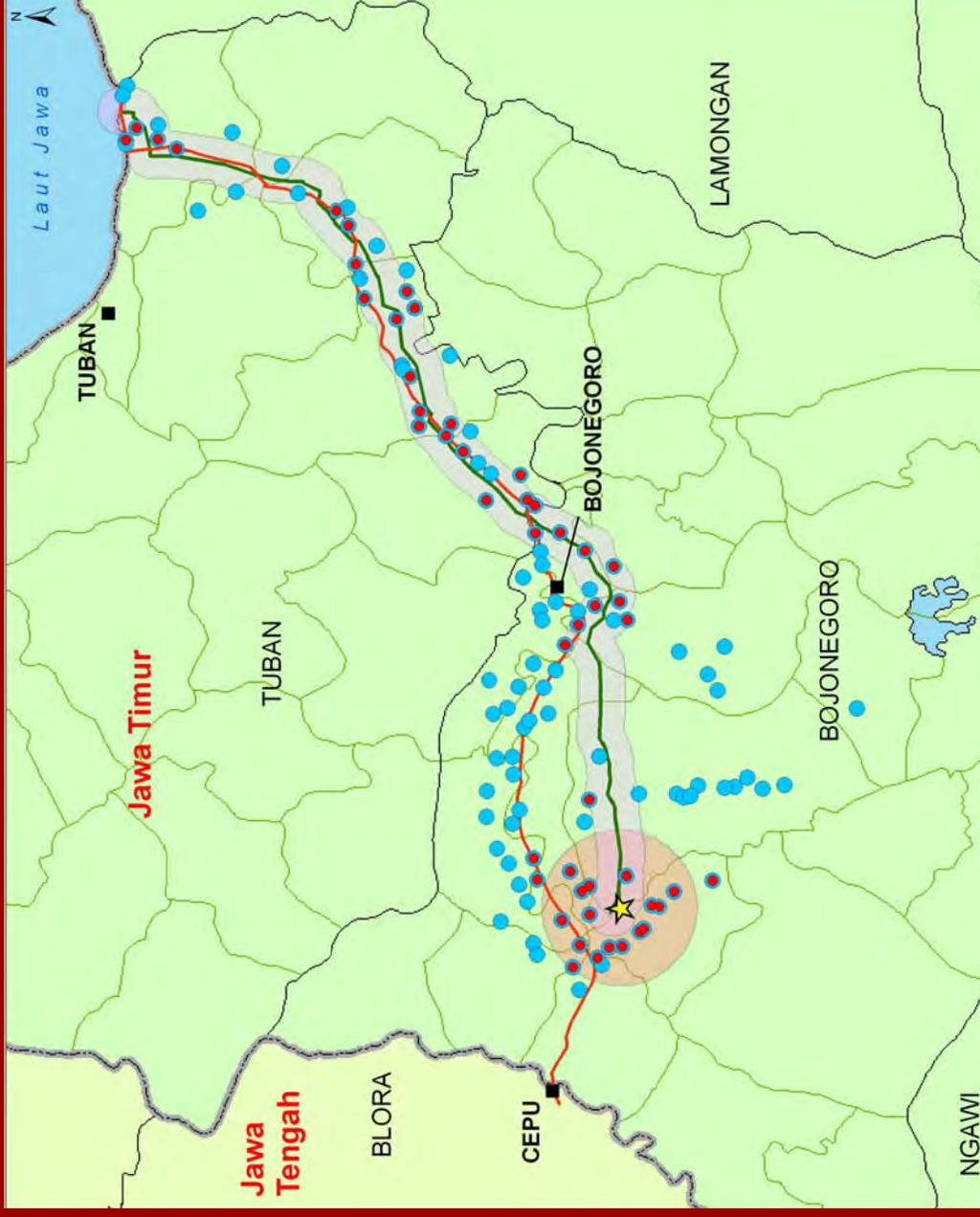
# Phase II: July to November 2007

**Make preparations for MCL CDP through consultative processes**

**Output 1** — Collect & analyze village baseline data

**Output 2** — Stakeholder disc. on aspirations & concerns

**Output 3** — Develop MCL CDP advisory structure

**Output 4** — Assess capacity of potential local partners

**Output 5** — Develop final implementation plan

July | August | September | October | November

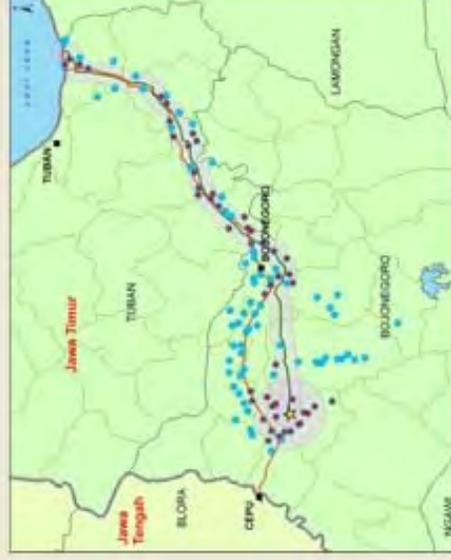# Output 1: Collect & Analyze Social & Economic Data

Gathered and analyzed data from 121 villages on demographic traits, livelihoods, infrastructure and economic assets that informed MCL's decision making regarding 1st year MCL CDP target villages.

# Interactive Database

# Output 2: Build relations through consultative processes, workshops and training events

Gathered and analyzed data from 15 Focus Group Discussions to discern perceptions, aspirations and concerns regarding MCL activities, including local perspectives on community development.

Conducted Personal Empowerment Training for selected members of 121 villages, government and civil society representatives, culminating in Village Development Planning that informed "quick hits" programming.

A multi-stakeholder approach helps develop a shared vision among those with competing interests, creating opportunities for partnerships to achieve common goals.

# Perceptions, Aspirations, and Concerns

Who should control, manage and benefit from community development?

Communication, transparency, and timeliness

Don't cultivate a culture of dependency

Power in the hands of village communities

Stay on message—internally and externally

Security vs. Community Development

Putting out fires—the War Room

Village Development Planning (6 Clusters)
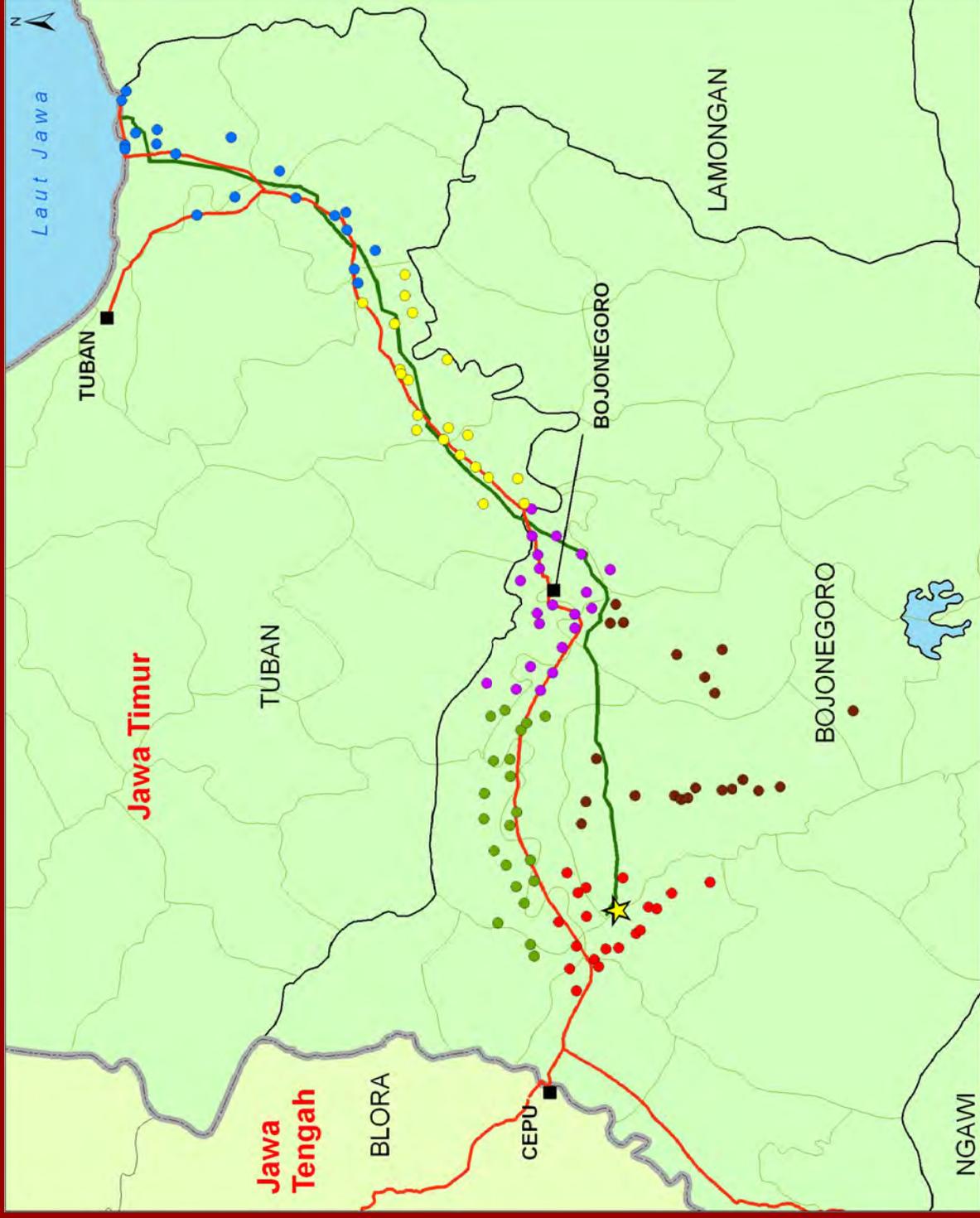
# Output 3: Advisory Council - Role and Responsibilities

## Concept
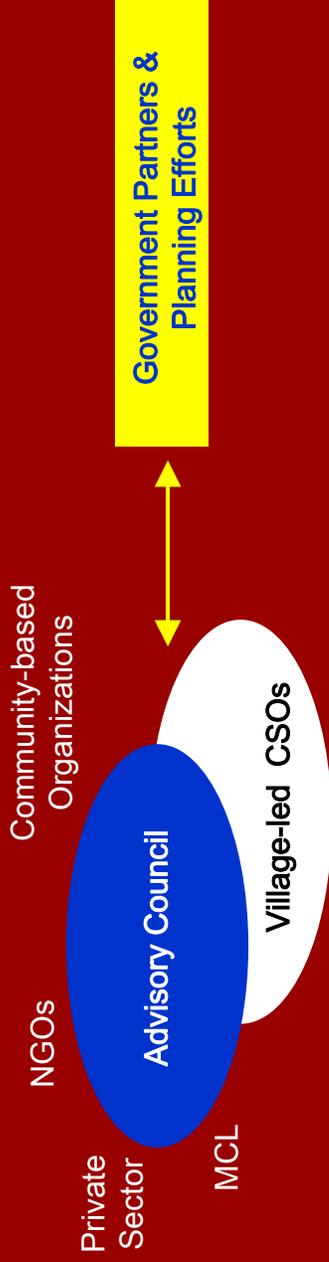
Private Sector

NGOs

Community-based Organizations

**Advisory Council**

MCL

**Village-led CSOs**

**Government Partners & Planning Efforts**

## Guiding Principles

Support the goals, objectives and approach of MCL CDP

Facilitate transparency and accountability in all aspects of MCL CDP

Build successful partnerships to ensure sensitivity and responsiveness to community values and priorities

Generate creative responses rather than mere solutions

# Advisory Council – Structure

- Engage local stakeholders and leaders to serve as key program governance partners…and ultimately as the locus of CDP decision making and planning

**Steering Committee**

NATIONAL

LOCAL and REGIONAL

**Leadership Committee**
9 members

**Executive Office**
Senior Manager
Operations/Finance Manager
Executive Assistant

**Coordination Unit**
Senior Program Coordinator

**Information Unit**
IT Specialist
Info Officer

*Collect and validate information prepare reports*

**Planning Unit**
Planning Officer(2)

*Review and consolidate village plans and priorities and opportunities for regional interventions*

**Assessment Unit**
Senior Project Officer
Project Officer(2)

*Monitor field projects and collect output and impact data*

**Health Working Group**
Health Expert

**Education Working Group**
Edu Expert

**Economic Growth Working Group**
Econ Growth Expert

*Facilitate cooperation and coordination of technical agencies and organizations on project planning and implementation*

# Advisory Council – Feedback

Members of civil society organizations, local government and communities expressed concerns about access to and coordination with MCL

Advisory Council provides a mechanism to address these concerns

Autonomy vs. professionalism

MCL field staff perspective and concerns

*MCL vs. Council vs. Implementing Organization*

*Don't feed the tiger*

Stakeholders are hopeful that the Advisory Council will serve as an effective mechanism for improving communication and coordination. However, the roles of MCL, Advisory Council and the implementing organization must be clearly defined.

# Output 4: Capacity of Potential Local Partners

**Local NGOs**

Lack of trust on the part of communities; and

Potential in-fighting amongst NGOs.

**Community-based organizations**

Locally relevant and likely trusted to represent local needs; and

Varying degrees of scope—village- and cluster-specific.

**New community-based organizations**

Locally relevant and likely trusted to represent local needs;

Village- and/or cluster-specific priorities; and

Good opportunity for intensive training and mentoring activities.

MCL CDP should engage and strengthen capacity of NGOs and community based organizations trusted by communities.

# Output 5: Preview of MCL CDP Implementation

## Strategic Approach, Scope, Scale and Timing

What kind of program?

Where? Focusing on whom?

How?

By Whom and When?

# What kind of program?

The MCL CDP should be:

*3 year program*

*Community-based & regional priorities*

*implemented by professional contractor working with village communities and local organizations*

*Partnership with USAID*

Estimated cost (for 3 year program) = $15 million

# MCL CDP Framework: Goals, Objectives, Initiatives

## Improved & Sustainable Economic Growth

- Job Creation
- Enterprise Development
- Business Competitiveness
- Finance for New and Existing Businesses

## Effective CSO Engagement in Development Process

- Community & Civil Society Organization Capacity Strengthening
- Action Plan Development Implementation & Monitoring
- Partnership Development
- Leadership & Management Strengthening

## Improved Community Well-Being

- Community/Public Health Improvement
- Community Infrastructure Construction
- Education Improvement
- Information Dissemination

## BUSINESS ORIENTED GOAL

MCL viewed as valuable, responsible corporate citizen and neighbor in the Cepu Block area.

## DEVELOPMENT ORIENTED GOAL

Sustainable community development & well-being built upon existing community assets, values and aspirations.

Where will we implement?
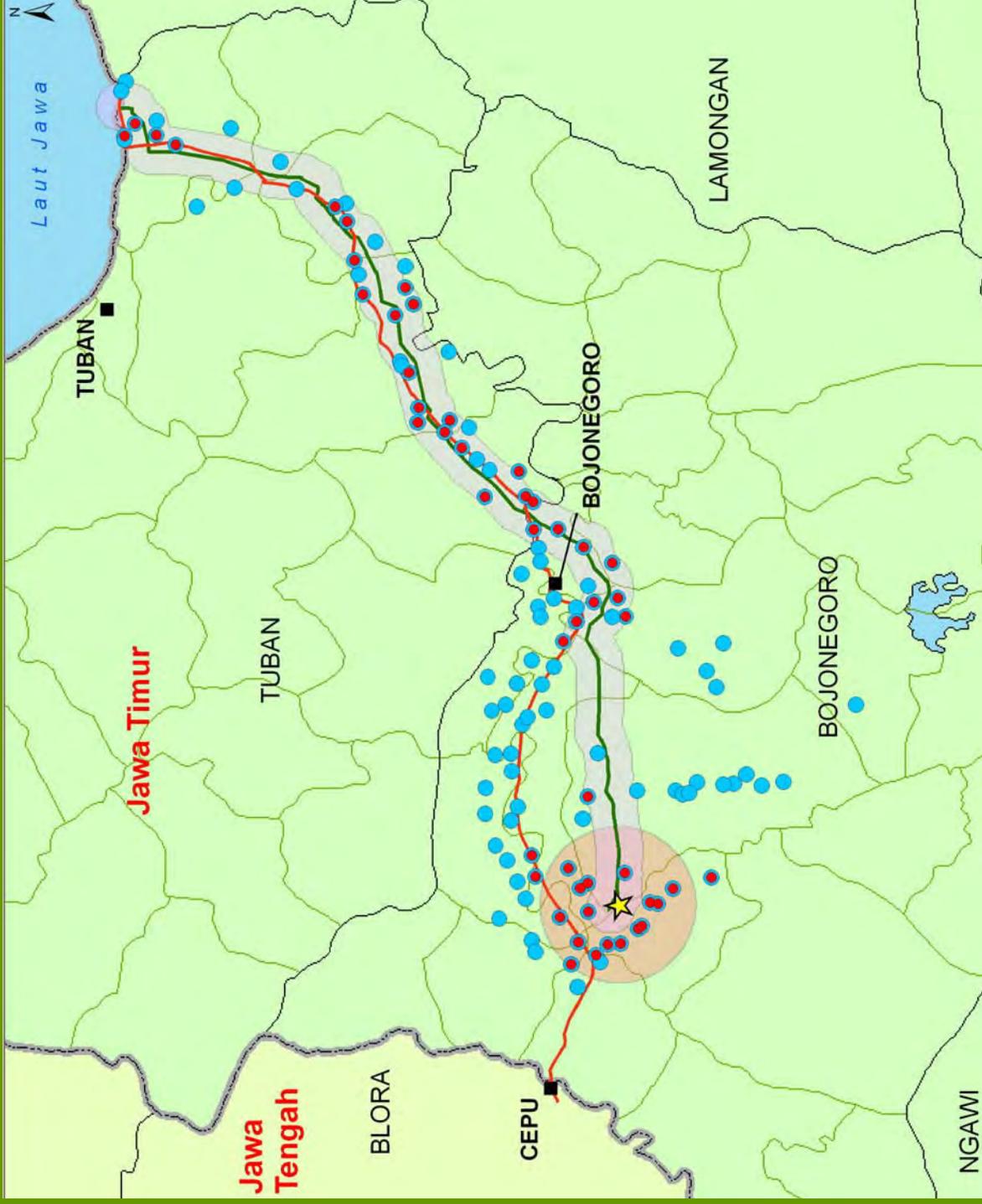
# Comprehensive & Community-Driven Activities

**Initiatives**
*Build on local assets, capitalize on local opportunities*

**Governance**
*Build ownership, ensure sustainability*

**Communications**
*Manage expectations, ensure understanding*

**Goals and Objectives**
*Address business and development needs*

**Principles**
*Fundamental codes that guide decision making, and underpin CDP*

# How will we implement MCL CDP?

Advisory Council
Guidance/M&E

MCL/USAID
Fund & Direct

MCL CDP
Implement
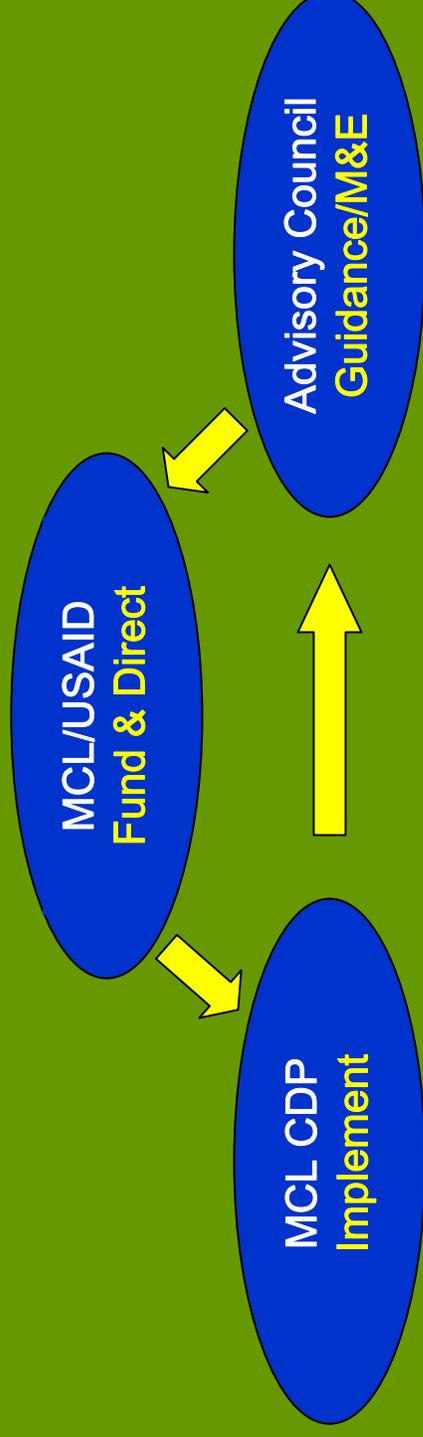
Build upon the initial engagement with communities and other key stakeholders

Favor a comprehensive and integrated approach to community development

Guided by principles that reflect values with emphasis on the fundamental involvement of multiple stakeholders (especially civil society) in program governance

# When?

Make decision to begin full implementation by end of year in order to have implementing capacity on the ground by January.

Mobilize and train CDP staff, establish office & 0perations

Advisory Council established and operational

Priorities identified and village plans completed, grants developed and implementation begun

Partners' implementation capacity strengthened

Regional priorities identified, grants developed and implementation begun

| January | February | March | April | May |

# Considerations for Moving Ahead

**Success of MCL CDP lays the foundation for sustainable community development and ensures a positive environment for MCL operations.**

What are potential obstacles confronting stakeholders?

*ExxonMobil*
*BP Migas*
*USAID*
*Contractor and other implementing partners*

What are the implications of delaying full implementation?

How can MCL transform constraints into opportunities?

Next steps?

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| 12/16/2004 | National Issues Field Report | Marcus Mietzner |
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| 9/27/2004 | SPD Program Results Framework with Indicators | SPD Team |
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| 9/15/2004 | DAI-SPD Personnel Policy Manual ("Company Regulations") | David Pottebaum,Ignacio Sainz |
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| 8/13/2004 | Strategic Planning Retreat Draft Workshop Report | Richard Wall,TRG |
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| 3/3/2005 | Aceh Community Rehabilitation Component | Chris Lee,David Pottebaum |
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| 5/9/2005 | Aceh Communty-Based Recovery Initiative | David Pottebaum,Ignacio Sainz |
| 10/10/2005 | Building Peace in Aceh: Community Engagement and Ownership (CEO) Initiative | David Pottebaum,Chris Lee |
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| 2/25/2005 | Aceh Emergency Response Cash-for-Work Summary (Planned) | SPD Team |
| 2/28/2005 | SPD Security Sector Reform Component | Marcus Mietzner |
| 3/31/2005 | Aceh Emergency Response Grant Outputs | SPD Team |
| 4/7/2005 | Community-Based Recovery Villages and Entry Grants | SPD Team |
| 4/7/2005 | Violence and Local Elections | Marcus Mietzner |
| 4/15/2005 | Success Story: Local NGOs and Aceh Emergency Response | Chris Felley |
| 4/22/2005 | Technical Assistance to BAPPENAS: Development of the GOI Off-Budget Aid Tracking System (GOBATS) | John Cann |
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| 8/11/2006 | USAID CBR Grant Output Data - Aggregate | David Pottebaum,Chris Felley,SPD Team |
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| 9/29/2006 | Success Story Changing Lives in Conflict-Affected Villages | Chris Felley,David Pottebaum,Sonia Martin |
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| Date | Report | Author(s) |
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| 1 | 38331 | Aceh Province, Political Boundaries | Eri Rustamaji |
| 2 | 38518 | Aceh Province, Tsunami affected areas with location of CBR initiatives villages | Stephen Menard |
| 3 | 38475 | USAID SPD Aceh Recovery Program - Cash For Work Activity Sites - Aceh Province | Stephen Menard |
| 4 | 38432 | USAID-SPD Aceh Recovery Program, Cash for Work Activity Sites: Infrastructure Types and Proximity to Tsunami Destruction Zone | Stephen Menard |
| 5 | 38475 | USAID SPD Aceh Recovery Program - Cash for Work Activity Sites: Infrastructure Types and Proximity to Tsunami Destruction Zone | Stephen Menard |
| 6 | 38568 | USAID SPD Aceh Recovery Program - Short Term Emplymen Stites -Partner Type | Stephen Menard |
| 7 | 38579 | USAID SPD Aceh Recovery Program - Community-Based Recovery Initiative : Participating Communities (56 Villages) | Eri Rustamaji |
| 8 | 38973 | USAID SPD Aceh Community-Based Recovery (CBR): Distribution of Infratructure Projects among Participating Communities | Maurice Bowen |
| 9 | 38509 | Indonesia - District-Level Religious Dominance | Stephen Menard |
| 10 | 38621 | IOM Preliminary GAM Political Prisoner Repatriation Data - Kecamatan Level | Stephen Menard |
| 11 | 38951 | USAID Aceh Community Engagement and Ownership Initiatives: Participating Villages (63 Villages) | Eri Rustamaji |
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| 14 | 39140 | USAID SPD ACEO - Children for Peace Project : Participatinf Schools (48) | Eri Rustamaji |
| 15 | 39146 | USAID COPI Aceh Community-Based Recovery Initiatives: Participating Villages and Outputs of Grant-Funded Activities | Eri Rustamaji |
| 16 | 39407 | USAID CBR Initiative : AmeriCares-Supported Villages | Eri Rustamaji |
| 17 | 39128 | USAID-Chevron Aceh Community-Based Recovery Initiatives: Participating Villages and Outputs of Grand-Funded Activities | Eri Rustamaji |
| 18 | 39094 | Exxon Mobil Indonesia Cepu Block: Points of Interest and Administrative Areas along the Cepu - Karang Agung road in Central - East Java | Maurice Bowen |
| 19 | 39307 | MCL CDP - Persiapan Desa-desa untuk Tahun Pertama: Jumlah Desa yang Disurvei (121) dan yang Terpilih (50) | Eri Rustamaji |
| 20 | 39331 | MCL PPM - Fase Pelatihan dan Perencanaan : Pengelompokan Desa-desa yang Berpartisipasi dalam Pelatihan dan Perencanaan (6 Kelompok, 121 Desa) | Eri Rustamaji |