IMPLEMENTATION COMPLETION AND RESULTS REPORT
(TF-93076)

ON
GRANTS
IN THE AMOUNT OF US$ 34.0 MILLION AND
TO THE
REPUBLIC OF INDONESIA
FOR
DECENTRALIZED MANAGEMENT OF NATURAL RESOURCES
AND RENEWABLE ENERGY

June 24, 2013

Indonesia Social Development Unit
Sustainable Development Department
East Asia and Pacific Region
CURRENCY EQUIVALENTS
(Exchange Rate Effective May 15, 2013)
Currency Unit = Rupiah
IDR1.00 = US$0.000103
US$1.00 = IDR9,730
FISCAL YEAR
January 1 – December 31
ABBREVIATIONS AND ACRONYMS

AF Additional Financing
BAPPENAS Badan Perencanaan dan Pembangunan Nasional (National Development Planning Agency)
CIDA Canadian International Development Agency
CPS Country Partnership Strategy
CDD Community-Driven Development
CSO Civil Society Organization
EIRR Economic Internal Rate of Return
GoI Government of Indonesia
GTZ Gesellschaft für Technische Zusammenarbeit (German Agency for Technical Cooperation)
IBRD The International Bank for Reconstruction and Development
IDR Indonesian Rupiah
KDP Kecamatan Development Project
KPI Key Performance Indicator
M&E Monitoring and evaluation
MHP Micro-Hydro Power
MIS Management Information System
NRM Natural Resource Management
O&M Operations and Maintenance
OWT Operation Wallacea Trust
PDO Project Development Objective
PMD Pemberdayaan Masyarakat dan Desa (Directorate for Community and Village Empowerment)
PNPM Program Nasional Pemberdayaan Masyarakat (National Community Empowerment Program)
PSF PNPM Support Facility
RE Renewable Energy
RI Result Indicator
TSU Technical Support Unit
WCS Wildlife Conservation Society
UPP Urban Poverty Project
Vice President: Axel van Trotsenburg
Country Director: Stefan G. Koeberle
Sector Manager: Jan Weetjens
Project Team Leader: Chloe Olliver
ICR Team Leader: Susanne Holste
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MAP
A. Basic Information

Country: Indonesia  
Project Name: Cofinancing Grant to PNPM for Decentralized Management of Natural Resources and Renewable Energy

Project ID: P112632  
L/C/TF Number(s): TF-93076

ICR Date: 06/24/2013  
ICR Type: Core ICR

Lending Instrument: SIL  
Grantee: GOVERNMENT OF INDONESIA

Original Total Commitment: USD 16.00M  
Disbursed Amount: USD 30.68M

Revised Amount: USD 34.00M

Environmental Category: B

Implementing Agencies:
Directorate General of Village Community Empowerment (PMD) Ministry of Home Affairs

Cofinanciers and Other External Partners:
Australian Agency for International Development (AusAID)  
Canadian International Development Agency (CIDA)  
The Danish International Development Agency

B. Key Dates

<table>
<thead>
<tr>
<th>Process</th>
<th>Date</th>
<th>Process</th>
<th>Original Date</th>
<th>Revised / Actual Date(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appraisal:</td>
<td>10/15/2008</td>
<td>Restructuring(s):</td>
<td></td>
<td>01/13/2012</td>
</tr>
<tr>
<td>Approval:</td>
<td>10/15/2008</td>
<td>Mid-term Review:</td>
<td></td>
<td>12/31/2012</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Closing:</td>
<td>12/31/2012</td>
<td>12/31/2012</td>
</tr>
</tbody>
</table>

C. Ratings Summary

C.1 Performance Rating by ICR

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

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

<table>
<thead>
<tr>
<th>Bank</th>
<th>Ratings</th>
<th>Borrower</th>
<th>Ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality at Entry:</td>
<td>Moderately Unsatisfactory</td>
<td>Government:</td>
<td>Moderately Satisfactory</td>
</tr>
<tr>
<td>Quality of Supervision:</td>
<td>Moderately</td>
<td>Implementing</td>
<td>Moderately Satisfactory</td>
</tr>
</tbody>
</table>
Unsatisfactory
Agency/Agencies:
Overall Bank Performance: Moderately Unsatisfactory
Overall Borrower Performance: Moderately Satisfactory

C.3 Quality at Entry and Implementation Performance Indicators

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

D. Sector and Theme Codes

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

<table>
<thead>
<tr>
<th>Theme Code (as % of total Bank financing)</th>
<th>Original</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other environment and natural resources management</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Other social development</td>
<td>50</td>
<td>50</td>
</tr>
</tbody>
</table>

E. Bank Staff

<table>
<thead>
<tr>
<th>Positions</th>
<th>At ICR</th>
<th>At Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vice President:</td>
<td>Axel van Trotsenburg</td>
<td>James W. Adams</td>
</tr>
<tr>
<td>Country Director:</td>
<td>Stefan G. Koeberle</td>
<td>Joachim von Amsberg</td>
</tr>
<tr>
<td>Sector Manager:</td>
<td>Jan Weetjens</td>
<td>Sonia Hammam</td>
</tr>
<tr>
<td>Project Team Leader:</td>
<td>Susanne Holste</td>
<td>John Victor Bottini</td>
</tr>
<tr>
<td>ICR Team Leader:</td>
<td>Susanne Holste</td>
<td></td>
</tr>
<tr>
<td>ICR Primary Author:</td>
<td>Andre Oosterman</td>
<td></td>
</tr>
</tbody>
</table>

F. Results Framework Analysis

**Project Development Objectives** (from Project Appraisal Document)
Make the utilization of natural resources by rural communities (sic).

**Revised Project Development Objectives** (as approved by original approving authority)
Make the utilization of natural resources by rural communities sustainable

vi
## (a) PDO Indicator(s)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Baseline Value</th>
<th>Original Target Values (from approval documents)</th>
<th>Formally Revised Target Values</th>
<th>Actual Value Achieved at Completion or Target Years</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Indicator 1</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value (quantitative or Qualitative)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Date achieved</td>
<td>12/28/2008</td>
<td>01/13/2012</td>
<td>12/31/2012</td>
<td></td>
</tr>
<tr>
<td>Comments (incl. % achievement)</td>
<td>Exceeded target by 28%. Original and revised targets from PP for Additional Financing (the values in the project supervision reports include targets for subprojects not funded by the grants covered by this ICR).</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Indicator 2**
Increase number of households deriving energy from renewable sources

| Value (quantitative or Qualitative) | 13,680 | 32,300 | 36,277 |
| Date achieved | 12/28/2008 | 01/13/2012 | 12/31/2012 |
| Comments (incl. % achievement) | Exceeded target by 12%. See comment for Indicators 1 regarding source of original target | | | |

## (b) Intermediate Outcome Indicator(s)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Baseline Value</th>
<th>Original Target Values (from approval documents)</th>
<th>Formally Revised Target Values</th>
<th>Actual Value Achieved at Completion or Target Years</th>
</tr>
</thead>
</table>
| **Indicator 1** | Component 1: Increased community investments in and improved management of "green subprojects"
   a) Amount of Block Grant funding disbursed to finance community-selected "green subprojects" in target sub-districts | | | |
| Value (quantitative or Qualitative) | | US$ 26.0 million | US$ 23.6 million |
| Date achieved | | 01/13/2012 | 12/31/2012 |
| Comments (incl. % achievement) | This indicator was introduced during project restructuring. No baseline value available | | | |

**Indicator 2**
Component 1
b) Number of renewable energy (RE) projects financed through PNPM and being properly managed by participating communities (disaggregated by RE technology type)

| Value (quantitative or Qualitative) | 185 | 411 |
| Date achieved | 01/13/2012 | 12/31/2012 |
The 411 total projects exceeded the target by 222%. The breakdown by technology type is: 162 micro-hydro power and 249 other renewable energy. This indicator was introduced during project restructuring.

**Indicator 3:**
Component 1  
(c) Number of households receiving electricity through PNPM-financed MHP schemes

| Value (quantitative or Qualitative) | 22,800 | 26,172 |
| Date achieved                      | 01/13/2012 | 12/31/2012 |

**Comments (incl. % achievement)**: Indicator introduced at PR. 21,567 HH connected at project closing, further 4,605 HH will be connected once 35 schemes under construction are completed (expected fall 2013)

**Indicator 4:**
Component 1  
d) Increased percentage of households receiving at least 50 watts of electricity through PNPM-financed MHP schemes

| Value (quantitative or Qualitative) | 95% | more than 95% |
| Date achieved                      | 01/13/2012 | 12/31/2012 |

**Comments (incl. % achievement)**: This indicator was introduced during project restructuring. No baseline value available. Estimate provided by NMC (average wattage per households is 103 watt; all households with access to electricity have at least 4 lamps of 15 watt each)

**Indicator 5:**
Component 1  
e) Community contributions comprise 5% of the total budgets of MHP schemes financed with block grants, and comprise 15% of all other types of 'green subprojects' financed with block grants

| Value (quantitative or Qualitative) | 5% for MHP, 15% for other types of 'green subprojects' | 3% for MHP, 13% for other types of 'green subprojects' |
| Date achieved                      | 01/13/2012 | 12/31/2012 |

**Comments (incl. % achievement)**: The achievement values (percentage of community contributions) may increase subject to the completion of the remaining MHP schemes. This indicator was introduced during project restructuring.

**Indicator 6:**
Component 2: Increased capacity of local government and community representatives  
a) Number GOI-contracted consultants/facilitators with increased capacity to assist communities in NRM/environmental planning

| Value (quantitative or Qualitative) | 160 | 169 |
| Date achieved                      | 01/31/2012 | 12/31/2012 |

**Comments (incl. % achievement)**: This indicator was introduced during project restructuring.

**Indicator 7:**
Component 2  
b) Level of community satisfaction with quality of NRM TA provided by Recipient contracted consultants/facilitators

<p>| Value | 70% | 66% |</p>
<table>
<thead>
<tr>
<th>(quantitative or Qualitative)</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Date achieved</td>
<td>01/13/2012</td>
<td>12/31/2012</td>
</tr>
<tr>
<td>Comments (incl. % achievement)</td>
<td>This indicator was introduced during project restructuring. End-of-project value taken from sample beneficiary survey.</td>
<td></td>
</tr>
</tbody>
</table>

**Indicator 8:**
Component 2
c) Villages in target sub-districts which demonstrate that 'green subprojects' are aligned with mid-term development plans (RPJM-Desa)

<table>
<thead>
<tr>
<th>Value (quantitative or Qualitative)</th>
<th>80%</th>
<th>100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date achieved</td>
<td>01/13/2012</td>
<td>12/31/2012</td>
</tr>
<tr>
<td>Comments (incl. % achievement)</td>
<td>Alignment of proposals with RPJM-Desa mandatory. Revised project manual adjusted unit of measurement: &quot;percentage&quot; better suited than &quot;individuals&quot;</td>
<td></td>
</tr>
</tbody>
</table>

**Indicator 9:**
d) Increase in community and local government awareness of links between improved NRM practices and enhanced livelihood

<table>
<thead>
<tr>
<th>Value (quantitative or Qualitative)</th>
<th>70%</th>
<th>n/a</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date achieved</td>
<td>01/13/2012</td>
<td>12/31/2012</td>
</tr>
<tr>
<td>Comments (incl. % achievement)</td>
<td>Introduced during PR. No baseline. PMD planned to collect EOP value during qualitative study planned during extension but extension not agreed between MOHA and PSF</td>
<td></td>
</tr>
</tbody>
</table>

**Indicator 10:**
e) Sustained community maintenance of 'green subprojects' after annual block grant funding is fully disbursed

<table>
<thead>
<tr>
<th>Value (quantitative or Qualitative)</th>
<th>75%</th>
<th>n/a</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date achieved</td>
<td>01/13/2012</td>
<td>12/31/2012</td>
</tr>
<tr>
<td>Comments (incl. % achievement)</td>
<td>The value of this indicator depends on qualitative studies. Studies were planned to be conducted by the executing agency during a no-cost extension in 2013 which was not agreed between MOHA and PSF.</td>
<td></td>
</tr>
</tbody>
</table>

### G. Ratings of Project Performance in ISRs

<table>
<thead>
<tr>
<th>No.</th>
<th>Date ISR Archived</th>
<th>DO</th>
<th>IP</th>
<th>Actual Disbursements (USD millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>06/30/2010</td>
<td>Moderately Satisfactory</td>
<td>Moderately Satisfactory</td>
<td>1.60</td>
</tr>
<tr>
<td>2</td>
<td>03/13/2012</td>
<td>Moderately Satisfactory</td>
<td>Moderately Satisfactory</td>
<td>20.07</td>
</tr>
<tr>
<td>3</td>
<td>11/19/2012</td>
<td>Satisfactory</td>
<td>Moderately Satisfactory</td>
<td>31.68</td>
</tr>
</tbody>
</table>
H. Restructuring (if any)

<table>
<thead>
<tr>
<th>Restructuring Date(s)</th>
<th>Board Approved PDO Change</th>
<th>ISR Ratings at Restructuring</th>
<th>Amount Disbursed at Restructuring in USD millions</th>
<th>Reason for Restructuring &amp; Key Changes Made</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/13/2012</td>
<td>Y</td>
<td>MS</td>
<td>16.00</td>
<td>Additional Financing (AF) of US$18 million was approved to finance additional block grants and technical assistance to kecamatan in the eight target provinces. The Grant Agreement was amended to reflect the AF, make corresponding revisions to indicators, and correct a minor error in the PDO.</td>
</tr>
</tbody>
</table>

If PDO and/or Key Outcome Targets were formally revised (approved by the original approving body) enter ratings below:

<table>
<thead>
<tr>
<th>Outcome Ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Against Original PDO/Targets</td>
</tr>
<tr>
<td>Against Formally Revised PDO/Targets</td>
</tr>
<tr>
<td>Overall (weighted) rating</td>
</tr>
</tbody>
</table>

I. Disbursement Profile

![Disbursement Profile Graph]

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

1.1 Context at Appraisal

In 2007 the Government of Indonesia (GoI) launched the National Program for Community Empowerment (Program Nasional Pemberdayaan Masyarakat, PNPM) through the scaling up of the Kecamatan Development Project (KDP) and the Urban Poverty Project (UPP). At the national level, a steering committee (Pokja Pengendali), chaired by the Coordinating Ministry of People’s Welfare (MENKO KESRA) provides policy guidance and oversight. Its members include representatives from the Ministry of Home Affairs, the National Planning Board (BAPPENAS), the Ministry of Finance, and relevant line ministries. In 2007 GoI also established the PNPM Support Facility (PSF) to harmonize and coordinate development partner efforts in support of PNPM, including the planning and targeting of financial assistance, as well as monitoring and evaluation of the program’s operations and impact.

PNPM was designed as a platform for community development that could be adapted for more targeted interventions, for example post disaster reconstruction or sector specific projects. In 2006, the World Bank, with support from the Canadian International Development Agency (CIDA), assisted GoI to expand KDP to the provinces of North, South and South East Sulawesi and to develop a pilot for the integration of an environmental and sustainable natural resources management strategy within KDP’s community-driven investment process. The pilot would provide communities with technical support to develop small-scale renewable energy (RE) and natural resource management (NRM) sub-projects, and provide additional block grants to co-finance these sub-projects. The pilot would be executed by GoI, three CSOs, and the PSF, and became known as PNPM Green.

PNPM Green was designed to combine capacity building and awareness raising delivered by civil society organizations (CSOs), technical assistance for micro-hydro projects (supported by GTZ), block grants provided by the government, and an evaluation program managed by PSF. Each partner would bring its comparative advantage to bear on an approach that had not previously been tested in Indonesia. Multiple trust funds were mobilized and led to a complex institutional arrangement which combined recipient (GoI and CSOs) and PSF execution of trust funds with different closing dates.

This ICR reports on the project “Decentralized Management of Natural Resources and Renewable Energy” (TF093076) which was executed by GoI. Annex 10 presents an overview of the PNPM Green trust fund structure and includes the Implementation Completion Memoranda of the three associated trust funds that closed in 2012 (TF 090912, TF090977, and TF096887). Grant completion reports for KDP in Sulawesi Environmental Training and Awareness Project (TF090976) and KDP and Environment in Sulawesi (TF056890) were prepared in 2011. An extension is currently being prepared for KDP and Environment in Sulawesi (TF090960) and the completion report for PNPM Green (TF093077) will be prepared in 2014.

It was envisaged that the PNPM Green would not only address GoI’s development objectives, but would also be fully consistent with World Bank’s Country Partnership Strategy (CPS FY2009-2012) for Indonesia, which emphasized investing in Indonesia’s institutions for inclusive and sustainable development. This project supports the CPS thematic areas of environmental sustainability and community development in rural villages, as well as alternative income generation and institutional capacity building.
Table 1 gives an overview of all the trust funds which were mobilized for PNPM Green.

### Table 1: Trust Funds for PNPM Green Activities

<table>
<thead>
<tr>
<th>Fund Name</th>
<th>Grant Amount (US$ '000)</th>
<th>Implemented by</th>
<th>Closing Date</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financed by CIDA</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>KDP in Sulawesi Environmental Training and Awareness Project (TF090976) - Grant completion report approved on Sep 22, 2011</td>
<td>726</td>
<td>CARE</td>
<td>Feb 28, 2011</td>
</tr>
<tr>
<td>KDP and Environment in Sulawesi (TF056890) - Grant completion report approved on Sep 22, 2011</td>
<td>9,800</td>
<td>GoI</td>
<td>Dec 31, 2010</td>
</tr>
<tr>
<td>KDP and Environment in Sulawesi (TF090060) – Extension under preparation</td>
<td>1,959</td>
<td>PSF</td>
<td>Aug 30, 2013</td>
</tr>
<tr>
<td><strong>Financed by Multi-Donor Trust Fund (through PSF)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PNPM Green Awareness Raising Project in Sumatra (TF011930) -</td>
<td>265</td>
<td>OWT</td>
<td>June 30, 2013</td>
</tr>
<tr>
<td>PNPM Green (TF093077) – Separate report will be prepared after grant closing</td>
<td>735</td>
<td>PSF</td>
<td>Dec 30 2013</td>
</tr>
<tr>
<td><strong>Decentralized Management of Natural Resources and Renewable Energy (TF 093076) – covered by this ICR.</strong></td>
<td>34,000</td>
<td>GoI</td>
<td>Dec 31, 2012</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>55,693</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: PSF

1.2 **Original Project Development Objective and Key Performance Indicators**

*Project Development Objective*

In the original Grant Agreement the objective of the project is “to make the utilization of natural resources by rural communities” (*sic*).

*Key Indicators*

The original Grant Agreement listed four performance indicators:

(i) % increase in income for beneficiaries that implement income-generating activities,
(ii) % of Green-KDP supported local Natural Resources management plans that are effectively implemented,

(iii) % positive change in practices related to environmental and natural resources management, and

(iv) % increase in normal KDP funding being used for "green" activities.

1.3 Revised PDO and Key Indicators

**Revised PDO.** The wording of the original Project Development Objective was incomplete and was revised during the appraisal of the Additional Financing. The word “sustainable” was added, so that the revised PDO reads: “to make the utilization of natural resources by rural communities sustainable” (emphasis added). This revision did not result in any change in the implementation of the project.

**Revised key indicators.** The original Grant Agreement did not differentiate between outcome and intermediate result indicators (RIs). During the preparation of the project’s Additional Financing the indicators were changed, including: separate PDO and intermediate RIs; replacement of indicators whose formulation was “vague”; and re-wording of the PDO-level indicators to more accurately measure outcomes/impact of Project interventions.

The revised key indicators were formally introduced with the amendment of the Grant Agreement in January 2012. The MIS had already tracked these indicators which had been a part of the monitoring framework of the 2007 pilot project “KDP and Environment in Sulawesi”. Hence it was possible to monitor progress against most revised indicators from 2009, the first full year of project implementation.

**Table 2: Original and Revised Key Indicators**

<table>
<thead>
<tr>
<th>Original Indicators</th>
<th>Revised Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PDO level</strong></td>
<td></td>
</tr>
<tr>
<td>Number of approved proposals.¹</td>
<td>Revised to “Increased number of environmentally sound and/or natural resource management sub-projects implemented by communities in target locations”.</td>
</tr>
<tr>
<td>Number of rural households with increased access to improved renewable energy.¹</td>
<td>Revised to “Increase in number of households deriving energy from renewable sources”.</td>
</tr>
<tr>
<td><strong>Intermediate Results Indicators</strong></td>
<td></td>
</tr>
<tr>
<td>% increase in income for beneficiaries that implement income-generating activities</td>
<td>Dropped, because the language of the indicator was considered vague.</td>
</tr>
<tr>
<td>% of Green-KDP supported local Natural Resources management plans that are effectively implemented.</td>
<td>Revised to “Villages in target sub-districts which demonstrate that ‘green sub-projects’ are aligned with mid-term development plans (RPJM-Desa)” to improve clarity.</td>
</tr>
<tr>
<td>% positive change in practices related to environmental and</td>
<td>Dropped, because the language of the indicator was considered vague, and replaced by new indicators (community satisfaction</td>
</tr>
</tbody>
</table>

¹ Indicators from the pilot project in Sulawesi (TF056890)
natural resources management. with TA provided, and increased awareness between NRM issues and livelihood improvement).

| % increase in normal KDP funding being used for "green" activities. | Dropped, as it was deemed irrelevant, since PNPM Green block grants are specifically earmarked to finance “green” activities, and communities will not use normal PNPM funding for these activities when there is an earmarked grant. |
| Indicators not listed in original Grant Agreement. | Added to more effectively measure progress made towards achieving the PDO. |


### 1.4 Main Beneficiaries

The intended beneficiaries of the project consisted of about 912,000 persons living in 66 kecamatan in 22 kabupaten in eight target provinces (South Sulawesi, Southeast Sulawesi, West Sulawesi, North Sulawesi, North Sumatra, West Sumatra, Bengkulu and Aceh). The population in all target kecamatan would benefit both directly and indirectly from improved access to renewable energy sources (mainly micro hydro-power) and better management of natural resources. Secondary beneficiaries would be (a) the Directorate General for Community and Village Empowerment in the Ministry of Home Affairs (the implementing agency), which would benefit from increased capacity, (b) village level facilitators and partner agencies providing implementation support, (c) kabupaten governments in which the target kecamatan were located, and (d) kecamatan institutions, which would benefit from technical assistance and advisory services in the process of establishing and strengthening their role in channeling CDD funds to appropriate community activities and investments.

### 1.5 Original Components

**Component 1: Community Block Grants.** Project Cost: US$12.5 million (100% Bank financing). This component would disburse block grants for “green” projects through three separate windows:

**Sub-component 1a: Kecamatan-level grants for NRM and RE projects (US$3.0 million).** This sub-component would provide block grants to participating kecamatan to finance eligible NRM and RE projects identified in village plans, consisting of the following categories: (i) conservation, (ii) rehabilitation, (iii) income-generating activities, (iv) renewable energy, and (v) capacity building. Kecamatan grants would not finance activities on the project’s negative list (such as land, religious buildings or government offices). Each participating kecamatan would receive an annual block grant of IDR600 million (approximately US$50,000 equivalent), consisting of: (i) an IDR100 million planning grant, and (ii) an IDR 500 million project investment grant. These block grants would be additional to the block grants that villages would receive through PNPM Rural. Initially, the project would disburse kecamatan-level grants for green projects to kecamatan in four provinces in Sulawesi where pilot activities had successfully been implemented. Subsequently the project would expand to kecamatan in four provinces in Sumatra (see Annex 2 for details).

**Sub-component 1b: Kabupaten-level grants for NRM and RE projects (US$0.8 million).** This sub-component would provide block grants to participating kabupaten to finance larger or technically more complex projects that would benefit more than one kecamatan, or finance eligible projects in kecamatan that would not receive funding through sub-component 1a. Initially, these kabupaten-level grants were provided to kabupaten in the four provinces in Sulawesi, followed by kabupaten in four
additional provinces in Sumatra. Each participating kabupaten would receive an annual grant of IDR500 million (equivalent to about US$45,000).

Sub-component 1c: Kabupaten-level grants earmarked for MHP schemes (US$8.7 million). To encourage investments in renewable energy, part of the kabupaten-level block grants would be allocated to the central government budget to finance investments in micro hydropower (MHP) in communities that were unlikely to have access to the national power grid in the short or medium term.

Component 2: Technical Assistance. Project Cost: US$3.5 million (100% Bank financing).

The project would be managed by a Project Management Unit (PMU) in the Directorate of Natural Resources and Appropriate Technology in the Directorate-General of Village Community Empowerment (DJ-PMD or simply “PMD”) in the Ministry of Home Affairs. Through this component, the PMU would hire consultants and facilitators to assist in project implementation, organize workshops and trainings, and acquire necessary equipment. Technical assistance would be provided through the National Management Consultant at the central level, Provincial Consultants at the provincial level, and facilitators at the kabupaten and kecamatan level.

1.6 Revised Components

The components were not revised, but the scope, costs, and amount of Bank financing were increased as a result of the Additional Financing (AF). The AF would support activities in at least 78 target sub-districts in eight provinces. Table 3 summarizes the cost by component of the original PNPM Green and the additional financing.

<table>
<thead>
<tr>
<th>Components</th>
<th>Original allocation</th>
<th>Additional Financing</th>
<th>Revised Total</th>
<th>Percentage of Revised Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Block Grants for Natural Resource Management and Renewable Energy (GOI-executed)</td>
<td>12.5</td>
<td>13.5</td>
<td>26.0</td>
<td>76%</td>
</tr>
<tr>
<td>II. Facilitation Support (GOI-executed)</td>
<td>3.5</td>
<td>4.5</td>
<td>8.0</td>
<td>24%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>16.0</strong></td>
<td><strong>18.0</strong></td>
<td><strong>34.0</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

1.7 Other significant changes

PSF approved initial project funding of US$16 million in October 2008. PMD and its development partners envisioned a more ambitious PNPM Green program which was presented to PSF’s Joint Management Committee in April 2009 for a total cost of US$60 million. This larger program consisted of the same activities but with increased geographic scope. The development partners eventually mobilized US$56 million for the program, see Table 1, which came close to the funding requirements.
In January 2012, PSF provided GoI with additional financing of US$18.0 million to finance additional block grants and technical assistance in *kecamatan* in the eight target provinces. The original Grant Agreement was amended to reflect the additional financing, as well as to update the definition of the PDO and the project’s key performance indicators (as described in Section 1.3). During the appraisal of the additional financing GoI had requested an extension of the closing date which could not be granted because of the closing date of the PSF parent trust fund. Once the parent trust fund was extended, discussions resumed but agreement could not be reached. At project closing, US$ 3.3 million remained unspent which GoI had mainly intended for MHP projects in Papua. However, no technical assistance could be mobilized to work in this difficult province. If these schemes could have been successfully undertaken, the key performance indicators of households having access to renewable energy would have been even higher, it currently stands at 36,277 households against a target of 32,300.
2. Key Factors Affecting Implementation and Outcomes

2.1 Project Preparation, Design and Quality at Entry

Soundness of background analysis and lessons learned from previous projects. The project was built on the platform of community development and empowerment that had been put in place by KDP/PNPM Rural and experience from the CIDA-funded pilot, “KDP and Environment in Sulawesi”. PNPM Rural projects were performing well and the arrangements for community planning, management, and operations and maintenance were appropriate for PNPM Green. However PNPM Rural block grants are not earmarked and communities opt to fund projects which demonstrate an immediate and clear impact on their welfare and household incomes. This preference has seldom resulted in investments in NRM, which are typically longer-term initiatives, with benefits and linkages to income generation not immediately visible to the communities. About 20 million households were without access to the national grid and would benefit from small-scale renewable energy or micro-hydro projects. Local expertise in design and construction would be available and equipment was widely available. The design also reflected lessons learned through consultations with stakeholders led by the CIDA-financed CSOs.

Assessment of project design. As indicated above, project design followed the successful pilot “KDP and Environment in Sulawesi” and incorporated lessons learned from ongoing PNPM Rural projects, with modifications to suit the specific needs of PNPM Green. The design of the project appeared highly suitable to assist communities with the development of NRM and RE schemes. Profitable activities (such as planting of productive trees on private land) could have been financed through a revolving credit rather than a grant scheme but lessons from PNPM Rural show the complexity of setting up and managing such a mechanism. The option of fully integrating PNPM Green into PNPM Rural was also explored but was not taken up due to the administrative complexities and management capacity weaknesses of PNPM Rural’s sub-directorate which already struggled with the national expansion of the program. Instead PNPM Green was set up as a separate special project, which replicated many of the PNPM Rural structures and processes.

Support from CSOs in the form of community mobilization and training activities was very suitable to supplement GoI intervention. There were, however, some difficulties with coordinating activities because GoI fiscal year regulations require an annual budget execution while CSOs did not operate under such constraints.

Quality at Entry. Although the project design was sound there was a lack of formal documentation on project preparation and appraisal, see section 5.1.

Government commitment, stakeholder involvement, and participatory processes. The Government of Indonesia played a central role in the design of PNPM Green, and was actively supported in the process by PSF, GTZ and DANIDA (which financed the Technical Support Unit and

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2 The project was considered as a continuation of the CIDA-funded “KDP and Environment in Sulawesi” pilot project. As a result, the project team conducted its due diligence as an alternative to formal appraisal. Due diligence process was conducted between June to July 2008; covering different aspects of the project, particularly on the selection of locations, FM assessment, procurement, and M&E arrangements.
an international NRM adviser, respectively). The CIDA-financed CSOs consulted stakeholders at *kabupaten, kecamatan* and community levels, and the lessons learned from these consultations were incorporated in the project design.

**Risks and risk mitigation measures.** The project risk was rated “moderate” after risk mitigation, and this rating was deemed appropriate. Although delays in budget approvals and consultant recruitment by GoI were not envisaged as risks during the preparation of the grants, these risks were nonetheless taken into consideration during project implementation.

### 2.2 Implementation

PNPM Green was designed to combine activities implemented by GoI, CSOs and PSF, supported by nine child trust funds under the umbrella of CIDA and PSF trust funds, see Annex 10 for details. Overall, these trust funds were instrumental to achieving the development objective of PNPM Green, implemented through two main components: community block grants (executed by GoI) and technical assistance which includes facilitation support (executed by GoI and CSOs) and monitoring, evaluation and studies (executed by GoI and PSF).

CSOs engaged in training of facilitators and communities as well as awareness raising, inter-village knowledge exchanges, and media campaigns. The training included setting up demonstrations plots and on the job-training in the implementation and management of green activities, such as bio-gas and alternative crops production. CSOs successfully strengthened the communities’ understanding of sustainable natural resources management and helped them explore options for sustainable rural livelihoods. CSOs made special efforts to engage local government officials in PNPM Green in order to deepen government’s commitment to environmental sustainability.

Table 4 summarizes the institutional and implementation arrangements and highlights how this project (TF093076) is embedded in the overall design of PNPM Green and its trust fund mechanisms.

<table>
<thead>
<tr>
<th>Components</th>
<th>TFs</th>
<th>Agencies</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Block Grants</td>
<td>TF056890</td>
<td>GoI (CIDA)</td>
<td>Communities selected activities focused on Natural Resources Management (NRM), income generating activities (IGA), and increasing access to renewable energy (RE).</td>
</tr>
<tr>
<td></td>
<td><strong>TF093076</strong></td>
<td>GoI (PSF)</td>
<td></td>
</tr>
<tr>
<td>Technical Assistance: Facilitation support</td>
<td>TF056890</td>
<td>GoI (CIDA)</td>
<td>This component provided technical advisory services to PMD in specialist fields, including community development, environmental services, civil engineering, management information system, operation and maintenance, procurement, training and complaint handling.</td>
</tr>
<tr>
<td></td>
<td><strong>TF093076</strong></td>
<td>GoI (PSF)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>TF090976</td>
<td>CSO in S.Sulawesi</td>
<td></td>
</tr>
<tr>
<td></td>
<td>TF090977</td>
<td>CSO in South-East Sulawesi</td>
<td></td>
</tr>
<tr>
<td></td>
<td>TF090912</td>
<td>CSO in North Sulawesi</td>
<td></td>
</tr>
<tr>
<td></td>
<td>TF096887</td>
<td>CSO in Sumatra</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>TF011930</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Factors outside the control of the government or the implementation agency

*Weather.* Implementation of some sub-projects (notably tree planting and some MHP plants) was adversely affected by unfavorable weather events and changes in natural water courses.

Factors subject to the control of the government or the implementation agency

**Positive factors**

*Flexibility.* The implementing agency and the Bank were willing to modify the project design in response to changing circumstances. For example, the MIS was upgraded during project implementation and the M&E framework was revised during the preparation of Additional Financing in 2011.

**Areas for Improvement**

Limited coordination between PNPM Green and PNPM Rural. Throughout project implementation, there was little coordination between PNPM Green and PNPM Rural, even though both projects were implemented by the same Directorate General, PMD. This adversely affected the efficiency with which both projects were implemented, for example technical facilitators from PNPM Rural were supposed to assist PNPM Green but they did not receive instructions to do so. There was also a lack of information exchange, which limited the mainstreaming of “green” practices from PNPM Green to PNPM Rural.

Weaknesses in procurement procedures, practices, and oversight mechanism. Community procurement procedures and practices sometimes were not transparent and were only intended to comply with PNPM’s administrative procedures. As evidenced from BPKP procurement reviews and the Bank’s ex-post review reports, these procedures were at times not properly complied with, see Section 2.4. Delays and procedural gaps observed in procurement required strengthening of procurement capacity and oversight mechanisms in PMD. Procurement monitoring could be strengthened by including relevant modules in the project’s MIS.

Late reporting. PMD did not submit the required quarterly progress reports until the first quarter of 2012. The implementing agency was also late in disseminating the findings of the 2011 external audit.

Delays in disbursement. At the central level, there were avoidable delays in disbursement of funds, forcing communities to undertake activities within a very short period, or during an inappropriate season. Late disbursement also compromised the ability of facilitators to visit villages.

**Mid-Term Review.** A Mid-Term Review was not envisaged in the project design; however, reliable information was available through the project’s extensive monitoring system and through implementation support missions, so that improvements could be made during the processing of the additional financing.
Effectiveness of risk mitigation. Mitigation of project risks was generally good. Risks related to fiduciary controls and environmental risks were mitigated effectively.

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

The project measured progress against key performance indicators (KPIs) using a comprehensive management information system (MIS), augmented by a series of qualitative and quantitative surveys, quarterly and annual progress reports, and the results of implementation support missions.

(a) M&E design. At the time of appraisal, PNPM Rural already had an MIS, but it was decided to establish a separate monitoring system for PNPM Green which became operational in 2009. In addition, a series of surveys and studies, including an impact evaluation, were envisaged to complement the data to be collected by the MIS. Initially there was confusion as to whether M&E was the responsibility of GoI or PSF, because M&E activities were funded by a PSF-executed trust fund, see sections 1.1 and 5.1. The misunderstanding was resolved through dialogue.

(b) M&E implementation. MIS data were published on the project website (http://www.green-pnpm.com) and updated on a monthly basis until the project closed. During project implementation PMD took several actions to improve performance of the system, including (i) revision of the system to capture data that can be measured against the results indicators, (ii) facilitator training, and (iii) updating the project implementation manual to accommodate the revised MIS. A baseline study was conducted but was deemed unreliable and could not be used to assess the impact of the project. The absence of an impact evaluation is particularly problematic for a pilot project whose continuation would be judged on impact and whose design should be corrected based on evaluation findings. The surveys and studies envisaged were completed before the project closing date, except the tree planting survey and a survey to assess community satisfaction with the quality of technical assistance provided by consultants and facilitators. These studies are financed from TF090060 and will be completed during the summer of 2013.

(c) M&E utilization. GoI made limited use of the data generated by the MIS and its progress reports did not contain analysis or explanation of the data collected by the system. As a result, both GoI and the Bank relied more heavily than expected on the findings of implementation support missions, surveys and studies to monitor and evaluate project progress.

2.4 Safeguard and Fiduciary Compliance

Safeguards compliance was largely satisfactory. The project triggered safeguard policies related to environmental assessment (OD/BP 4.01) and indigenous peoples (OP/BP 4.10). Supervision missions confirmed that the project did not cause significant adverse environmental or social impacts. The project did not finance land acquisition. Given the small size of the sub-projects financed by the project, it was a priori expected that any adverse social and environmental impacts of such sub-projects would be small or negligible. Indeed, the project generated substantial social and environmental benefits, especially by providing over 27,000 households with renewable energy. Budgets for the construction of MHP plants included an allocation for replanting trees to minimize adverse environmental impacts. Facilitators struggled to fill in safeguards forms correctly and showed low ownership of safeguards provisions; however no evidence was found that this had any negative environmental impact.

The project encountered some problems with financial management throughout implementation, e.g., late recruitment of financial consultants and absence of internal audit. In some cases, due to Fiscal
Year budget validation, block grants were fully disbursed before completion of physical works. However, most problems were solved over time. The project received an unqualified opinion from BPKP (the Government auditor) in 2010 and 2011, and Bank supervision missions rated the project’s financial management as “moderately satisfactory” throughout implementation.3

Procurement of Goods and Selection of Consultants under the project were governed by, and carried out in line with, Bank Procurement and Consultants Guidelines. However, PMD staff had limited familiarity with these guidelines which resulted in delays in the recruitment of facilitators. Community procurement of MHP was at times slow and was further impacted by insufficient facilitation. Community procurement procedures need to focus on achieving value for money while ensuring transparency and accountability rather than complying with PNPM's administrative procedures. The Bank’s ex post review of selected contracts for goods revealed procedural gaps, notably PMD used the bidding documents for non-consulting services for procurement of goods causing considerable delay and problems in evaluation of bids. Findings of the Bank’s supervision missions also revealed that some of the community procurements were made at prices higher than prevailing market rates. Community procurement of MHP was at times slow and was further impacted by insufficient facilitation. Community procurement procedures need to focus on achieving value for money while ensuring transparency and accountability rather than complying with PNPM's administrative procedures. The Procurement Performance was rated “Moderately Satisfactory”.

2.5 Post-completion Operation/Next Phase

Transition arrangements. PMD and PSF discussed for several months about a no cost extension for the project. Despite best efforts on both sides, no agreement could be reached which led to a cancellation of US$ 3.3 million, see section 1.7. All facilitators of PNPM Green were demobilized in December 2012, although 14 of 162 MHP sub-projects were not fully completed at the time. These sub-projects subsequently received technical support from the TSU to ensure their completion.

Follow-up projects. While no stand-alone follow up project is planned, the evaluations have shown that the project was able to develop sustainable green livelihoods, such as alternative crop production and women’s small business networks. These lessons will be incorporated into GoI’s national Livelihoods Program which is being developed with PSF assistance. Good practices from PNPM Green will also be included into PNPM Rural to ensure the mainstreaming of environmental issues. The “greening” of PNPM Rural shall include revision to the project’s operations manual, revisions to facilitator training, and recruitment of specialized advisors.

3. Assessment of Outcomes

3.1 Relevance of Objective, Design and Implementation

The PDO is deemed relevant since it complemented the Government’s efforts to alleviate poverty in rural areas, empower local communities, and promote improved natural resources management. It contributed towards the Millennium Development Goal (MDG) 7: Ensuring Environmental Sustainability. Indonesia is pursuing a triple track plus one development strategy: Pro-growth, pro-job, pro-poor, and pro-environment. The National Medium-Term Development Plan (2010 – 2014) recognizes that environmental challenges threaten the sustainable development of the country, and

3 The audit report for 2012 was under preparation at the time of writing and is due only by end June 2013.
various studies have outlined the opportunity costs to Indonesia of poor management of its natural resource wealth, exacerbated by the costs of climate change. Advancing an environmental agenda under this project has been an important part of addressing poverty alleviation objectives through supporting environmentally sustainable, community-driven development. GoI recently confirmed its commitment to PNPM through the adoption of the PNPM Roadmap which sets the program’s course beyond 2015, the end of the mandate of the current administration. The Bank’s new CPS covering fiscal years 2013 to 2015 supporting Indonesia’s four-pronged approach: pro-poor, pro-growth, pro-job, and pro-environment. PNPM Rural and its special projects (including PNPM Green) remain at the center of the new CPS, with its CDD approach aiming to improve existing government programs, strengthen institutions and improve the links between different levels of government.

Intensive facilitation and capacity building efforts, combined with improved local governance conditions, contributed to the communities’ capacity to plan and construct good quality, low-cost small-scale infrastructure focused on renewable energy. Awareness raising by CSOs has added to the communities’ ability to manage natural resources and to include them amongst their development priorities. Grant funding was targeted at natural resource management and renewable energy projects and was used by communities for such activities. It is not known, however, whether communities awareness has been raised sufficiently to continue investments in sustainable resources management without tied funding. A key element that empowers communities to assume stewardship over their natural environment are land rights which are contested in Indonesia. Communities have little recourse through the legal system if mining concessions, which are granted by local governments, threaten their eco-systems.

Discussions were held during implementation support missions to confirm the appropriateness of project design and the need for any corrective actions needed to meet implementation challenges, particularly capacity constraints of PMD and relations with project partners, the TSU and CSOs. PMD and its partners (CSOs and TSU) acted on many of the suggestions for improvement, however, the complex implementation arrangements made coordination difficult at times. The assumption that technical facilitators would be provided by PNPM Rural to assist communities with renewable energy schemes, particularly MHP, did not materialize and placed heavier demands on the TSU. At the end of the project, thirty-five of 162 MHP sub-projects were still under construction.

PNPM Green was a pilot which required a strong evaluations program to assess whether the project’s outcomes would merit an upscale of activities, modification to its design, or a discontinuation. The absence of reliable baseline data, however, compromised the ability for evaluation. A number of studies were undertaken, and there are indications that the projects did achieve improvement for natural resource management and improved ecosystem services. However, studies that include the sustainability of these natural resources management are still ongoing at the time this report is written.

3.2 Achievement of Project Development Objective

PNPM Green was successful in achieving its development objective of making the utilization of natural resources by rural communities sustainable, as reflected by its two outcome indicators:

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(a) Increased number of environmentally sound and/or natural resource management sub-project implementation by communities in target location. By the end of December 2012, the project had financed 1,811 “green” sub-projects, which was substantially higher than the revised target of 1,415.

These sub-projects generated significant benefits related to restoration and enhancement of natural assets (environment and natural resources), and improved ecosystem services. The benefits stem from improved erosion control, improved protection against storms, increased productivity of marine food webs, and improvements in soil fertility. Many Micro Hydro-Power (MHP) schemes generate additional environmental benefits as they encourage communities to manage upstream forests or develop small-scale reservoirs, which can increase fish availability or support local tourism. Enhancing ecosystem services may also generate economic benefits for households, communities, and wider society. The calculated value of these is significant; incorporating this value in future analysis would enhance existing positive economic returns.

(b) Increase number of households deriving energy from renewable sources. At completion, the project had provided over 36,277 households with a source of renewable energy, mostly micro hydro-power (about 21,500). This was substantially higher than the revised target of 32,300 households.

Renewable energy sub-projects (including MHP and Biogas) have positive effects through reduced energy expenditure and thereby improve household financial assets. This may enable some small businesses to expand trading hours or extend the scope of their operations. It is expected that enhanced economic productivity will increase over time, generating significant increases in community income. In addition, MHP and biogas provide clean, ‘alternative’ energies, and do not produce greenhouse gas (GHG) emissions. By replacing the use of fossil fuels (kerosene, diesel and gasoline) for electricity generation, MHP schemes reduce GHG emissions with the average estimated annual GHG reduction is 2,144kg CO₂ per year. The use of biogas digester has an important role in society’s drive for sustainable development through animal waste utilization (biogas) which reduces the GHG emissions (potentially 3,000kg CO₂ per year) and furthermore improves rural environment conditions.

The achievement of the intermediate results indicators, however, is mixed: four targets achieved, two targets are yet to be achieved subject to the completion of the remaining 35 MHP schemes (expected Fall 2013), two are slightly below the end of project target values, and end-of-project data not yet available for two indicators, cf. Annex 2.

3.3 Efficiency

Efficiency was gauged by unit rate norms of sub-projects financed by PNPM Green and for micro-hydropower schemes, by the net present value of sub-project benefits.

Unit rate norms are highly favorable for community-executed infrastructure projects. In 2012, PSF commissioned a technical evaluation of a representative sample of 1,765 sub-projects financed by PNPM Green.
PNPM Rural, including micro-hydro which is the predominant type of infrastructure project financed by PNPM Green. According to this study, sub-projects typically cost 15 to 25% less compared to similar projects undertaken by line ministries.

PSF also commissioned a study on the return on investment and cost effectiveness of MHP sub-projects financed by PNPM Green. The study concluded that the vast majority of MHP sub-projects were financially viable when the benefits of fuel savings were taken into account (see Annex 3 for details).

### 3.4 Justification of Overall Outcome Rating

**Rating: Moderately Satisfactory**

The project was (and is) consistent with the priorities of GoI and the Bank CPS for Indonesia. Based on a consolidation of the three elements of outcome, the overall rating is moderately satisfactory. The project was and remains relevant for the Borrower and the Bank and has achieved its PDO, however the limitations of implementation, lead to a moderately satisfactory rating.

The project was and remains relevant and consistent with the priorities of GoI and the Bank CPS for Indonesia. The project has also successfully achieved its PDO level indicators. The achievement of the intermediate results indicators (RIs) shows moderate shortcomings as two RIs (i.e. 1.c and 1.e) are yet to be achieved due to the construction delays of the 35 MHP schemes and two (i.e. 1.a and 2.b) are slightly below the end of project target values. In addition, studies – conducted by PSF – suggest that the project has achieved efficiency in terms of return on investment and cost effectiveness.

These main three elements – relevance, objectives achievements as well as levels of efficiency – suggest a moderate shortcoming on the overall assessment; leading to a moderately satisfactory rating.

### 3.5 Overarching Themes, Other Outcomes and Impacts

As mentioned in section 3.2, and Annexes 5 and 10, PNPM Green has had a positive impact on providing households with energy from renewable sources which reduced their expenditure for fuel.

PNPM Green had a positive impact on increasing the role of women in community decision making and 50% of project beneficiaries were women. The CSOs placed high priority on supporting women’s groups to develop and manage numerous green enterprises for income generation, e.g., waste management and recycling, production and sale of organic fertilizers, handicrafts made from recycled material, silk weaving, coconut oil, fuel efficient stove briquettes, and a range of food products such as dried fish and vegetable chips. This has had a positive impact on income generation in poor rural households.

Village development planning processes have become more environmentally sustainable as a result of the project, and communities have become increasingly confident to propose and implement a more diverse range of green activities. Not only have community resources been mobilized to support program investments, but contributions have also been received from other sources. One of

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7 Ibid.
the CSOs, WCS, has made significant links between local communities and the private sector (especially in eco-tourism), which will increase development impact and sustainability.

3.6 Summary of Findings of Beneficiary Survey and Stakeholder Workshops

Beneficiary surveys. PSF commissioned an evaluation of the project’s impact on livelihoods and a qualitative study on the spillover effects of PNPM Green to other activities inside or outside targeted kecamatan. The key findings are summarized below (see Annex 5 for details):

- Income-generating activities are often successful, but mainly at the household level. The project has resulted in few viable businesses.
- Household assets have increased through RE projects that reduce expenditure (such as fuel-efficient stoves and biogas plants).
- Capacity building by PNPM Green has had positive effects on the involvement of beneficiaries in local sub-projects and 65% reported making use of skills acquired through capacity building under the project.

Stakeholder workshop. On 18 March 2013, PSF invited key stakeholders to a workshop in Jakarta to comment on the initial findings of the project evaluation presented in this ICR. The majority of the participants agreed that PNPM Green should be continued, and that it should be more focused and better integrated with PNPM Rural (see Annex 6 for details).

4. Assessment of Risk to Development Outcome

Rating: Moderate

“Risk to Development Outcome” is defined as the risk that the (expected) development outcomes of the project—at the time of this assessment—will not be maintained or realized. As described in Section 3.4, the project’s development outcomes remain highly relevant. By achieving these outcomes, the project has contributed to establishing effective, participatory and representative community committees that can mobilize funds for the preparation and implementation of RE and NRM sub-projects, thereby ensuring that villagers in project locations are better able to use natural resources in a sustainable manner. There is a risk that some of these outcomes will not be sustained in the long-run for sub-projects that are not income-generating or cost-saving (notably sub-projects aimed at erosion control or ecosystem rehabilitation). Although it is likely that the outcomes of such sub-projects may not be sustained, the impact on the overall development outcome of PNPM Green would be minor as sub-projects that do not generate income or save costs account for less than 10% of the cost of PNPM Green sub-projects. The overall “risk to development outcome” is hence rated “moderate”.

5. Assessment of Bank and Grantee Performance

5.1 Bank Performance

(a) Bank Performance in Ensuring Quality at Entry

Rating: Moderately Unsatisfactory

The strengths of the original project design are:

- Relevance. The project successfully contributed to the further development of PNPM, as outlined in the Government’s roadmap for the program, and supported community development
and promoted environmental sustainability in line with the Bank’s 2009-2012 CPS for Indonesia.

- **Robustness.** The pilot “KDP and Environment in Sulawesi” provided valuable lessons which were incorporated into PNPM Green design, notably by including suitable environmentally-supportive income-generating activities. In addition, the project was started first in these three Sulawesi provinces, before expanding to Sumatra.

- **Flexibility.** The Grant Agreement stipulated general principles, while detailed implementation arrangements were described in a project manual prepared by PMD. This provided GoI and the Bank the flexibility to modify implementation arrangements in response to changing circumstances. This was especially important because a major part of the financing of the project was not secured during the initial years of implementation.

The weaknesses of the original project design are:

- **Inadequate framework for monitoring and evaluation.** During the first three years of project implementation, there were no outcome indicators to measure progress towards achievement of the PDO. Instead project progress was measured against four intermediate RIs. The baseline study was deemed inadequate to provide a basis for assessing the project’s impact.

- **Complex financing and implementation arrangements.** PNPM Green relied on several trust funds which were mobilized at different times and combined government, CSO and PSF executed activities. While this funding mix enabled PNPM Green to largely achieve its objective, it made implementation arrangements complicated, e.g., the CSOs initially reported only to PSF and GoI considered that PSF was responsible for monitoring. PNPM Green was implemented by a different sub-directorate from PNPM Rural, which led to a duplication of consultants and systems. Because of a lack of integration of CDD projects at the central government level, implementing partners at the sub-national government level (kabupaten, kecamatan and communities) were faced with an unnecessarily high administrative burden.

- **There was little information available in the Bank’s records to document preparation and appraisal of the project, although the Grant Funding Request was approved as required.** Concept discussions with GoI and development partners continued immediately after signing of the grant agreement and an expanded project concept note was presented to the JMC in April 2009.

**b) Quality of Supervision**  
**Rating: Moderately Unsatisfactory**

Bank performance was moderately unsatisfactory, in part because this project had several TTLs over its lifetime which led to incremental changes in the project concept and an absence of strategic leadership. Such leadership would have been particularly helpful because PNPM Green was a pilot project that had complex institutional and funding arrangements, and a relatively inexperienced government counterpart, i.e. a separate sub-directorate from the one that had been responsible for PNPM Rural. The Bank mobilized and maintained throughout implementation a multi-disciplinary locally-based supervision team, with substantial experience in supervising PNPM Rural projects. While the team had strong knowledge of CDD, and DANIDA and AusAID provided technical experts, only one of PSF’s team leaders had expertise in natural resources management. The team included fiduciary and safeguards staff who reported findings and mitigation measures agreed with PMD in the aide-memoires.
Starting in December 2011, supervision missions were conducted for the overall PNPM Green program, reviewing the implementation of GoI and CSO activities, monitoring compliance with covenants in the grant agreement, and measuring progress against intermediate result indicators. Significantly, the Bank did not request PMD to issue quarterly progress reports until 2011.

Progress was initially recorded in the annual GRM (as required for TF projects). Once Bank mainstreamed investment lending procedures for TF projects, reporting requirements and the processing of the Additional Financing followed Bank investment lending procedures.

(c) Justification of Rating for Overall Bank Performance
Rating: Moderately Unsatisfactory
The intense involvement in project preparation and supervision, and frank supervision reporting were the strengths of the Bank’s overall performance. However, these strengths were partially offset by a fragmented approach to implementation support and late verification of compliance with grant covenants.

5.2 Grantee Performance
(a) Performance of the Government
Rating: Moderately Satisfactory
Throughout project implementation, the overall PNPM program enjoyed strong support of the Government. However, the Government did not adequately address implementation issues (see Areas for Improvement in Section 2.2) in a timely manner. These shortcomings were deemed moderate, however, and the performance of the Government is consequently rated “moderately satisfactory”.

(b) Implementing Agency or Agencies Performance
Rating: Moderately Satisfactory
PMD played an essential role in ensuring that the project was implemented as envisaged, although project outcome is rated only moderately satisfactory. PMD failed to address the issues noted under Areas for Improvement in Section 2.2 in a timely manner. Over time, most of these issues were addressed, although project management by PMD remained weak throughout the implementation period, particularly with regard to consultant recruitment and reporting. An agreement about the extension of the project closing deadline could not be reached, despite prolonged discussion. On balance, the performance of the Implementing Agency is rated Moderately Satisfactory.

(c) Justification of Rating for Overall Grantee Performance
Rating: Moderately Satisfactory
GoI showed strong ongoing support to the objectives and implementation of PNPM Green and the project was managed reasonably well by the Implementing Agency. The overall performance of the Borrower/Grantee is rated “moderately satisfactory”.

6. Lessons Learned
• As a pilot project, Green PNPM have shown that mainstreaming environmental issues into PNPM Rural have increased the community’s awareness and understanding on natural resources management. However, in order to reach sustainable utilization of natural resources, a longer time frame is needed. The impact of the pilot on improvement and restoration of the
natural resources (ecosystem) can be evaluated after a certain period of time. There should be a window of time to conduct a proper evaluation, since environmental projects have long term impact.

- Income-generating and cost-saving sub-projects are more sustainable than other sub-projects. In most project locations, tree planting on private land and small business development were highly profitable. This was not the case for sub-projects involving ecosystem protection or rehabilitation, which were often seen as “cash for work” programs, and whose long-term sustainability remains unclear.

- Income-generating and cost-saving sub-projects often result in inequitable benefit sharing. PNPM Green financed investments which would only benefit a small number of individuals (such as tree planting on private land or the procurement of biogas installations). Although profit-sharing arrangements were usually put in place to distribute the benefits of income-generating sub-projects equitably, the recording of revenues and expenditures was inadequate.

- The annual block grant cycle is often incompatible with the financing requirements of green sub-projects. GoI disbursement procedures do not allow funding of a sub-project during multiple years, even though environmentally sustainable sub-projects often require a funding period greater than the annual budget cycle. As a result, communities tended to select sub-projects which could be completed in one budget cycle. In addition, timely disbursements of block grants are essential for success, as late disbursements often forced communities to undertake sub-projects in very short timeframes, or during a season not suited for planting.

- The quality of facilitators is the main driver of community-based project implementation quality. For this reason, it is essential that the Government (i) offer competitive salaries and adequate allowances to facilitators, (ii) ensure that vacant facilitator positions are promptly filled, and (iii) provide good quality training to facilitators.

- PNPM Green mobilized several trust funds, all of which contributed to the overall objective of the program and enabled CSOs to contribute to effective implementation. However the multiplicity of TFs also led to a complex management structure and multiple reporting requirements.

- Procedures for community procurement were based on the operations manual of PNPM Rural, and could have been further strengthened if they had been derived based on prevailing community practice. Steps have now been taken in PNPM Rural to substantially strengthen the procedures for community-level procurement to focus on achieving value for money while ensuring transparency and accountability.

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

(a) Grantee/Implementing agencies

Overall the Implementation Completion Report prepared by PMD is agreed with, cf. Annex 7. PMD raised concerns regarding the processing of a ‘No Cost Extension’. Over several months discussions took place with the implementing agency, Ministry of Finance, Bappenas, and PSF but PMD did not submit the final request on time to be included in the FY 2013 budget document (DIPA) which means that remaining project funds could not be programmed. PMD also commented that PSF’s implementation support was stronger for project management than for RM and RE issues. This is acknowledged and reflected in the rating for the Bank’s supervision
effort, cf Section 5.1 (b). The draft ICR was shared with MOHA-PMD which did not have any comments.

(b) Cofinanciers/Development Partners
Comments were received from AusAID, cf Annex 8. AusAID congratulates both PMD and the PSF for taking on this challenging but important activity. It believes that the benefits and lessons learned justify the investment, particularly if follow-on work can now contribute more effectively towards community level resource management and livelihoods development. Given the government’s overarching commitment to sustainable livelihoods through MP3KI, these lessons should also contribute to Bappenas’s ongoing thinking over where to invest in future livelihoods work. AusAID fully supports the idea to mainstream the lessons learned from this pilot into the main PNPM Rural program. In AusAID’s view the final ICR or some other document need to address more directly and with more precision how those lessons will be incorporated into the main PNPM program. The team agrees with these comments but further discussions are needed with Bappenas and PMD before the ideas for mainstreaming can be detailed further. This work is now underway, with the preparation of the concept paper for rural livelihoods and revisions of the operations manual for PNPM Rural. The funds which at project closing had not been disbursed will be returned to the PSF parent trust fund.

(c) Other partners and stakeholders
On February 18, 2013, PSF organized a stakeholder workshop to discuss project implementation experiences and lessons learned. Refer to Annex 6 for a summary of the key issues raised during this workshop.
Annex 1. Project Costs and Financing

(a) Project Cost by Component (in US$ Million equivalent)

<table>
<thead>
<tr>
<th>Components</th>
<th>Original Allocation</th>
<th>Actual/Latest Estimate (US$ millions)</th>
<th>Percentage of Revised Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Block Grants for Natural Resource Management and Renewable Energy</td>
<td>12.5</td>
<td>25.5</td>
<td>49%</td>
</tr>
<tr>
<td>Facilitation Support</td>
<td>3.5</td>
<td>7.0</td>
<td>50%</td>
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<tr>
<td><strong>Total Baseline Cost</strong></td>
<td>16.0</td>
<td>32.5</td>
<td>49%</td>
</tr>
<tr>
<td>Physical Contingencies</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Price Contingencies</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Project Costs</strong></td>
<td>16.0</td>
<td>32.5</td>
<td>49%</td>
</tr>
</tbody>
</table>

(b) Financing

<table>
<thead>
<tr>
<th>Source of Funds</th>
<th>Appraisal Estimate (US$ millions)</th>
<th>Actual/Latest Estimate (US$ millions)</th>
<th>Percentage of Revised Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grantee</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Communities</td>
<td>0.0</td>
<td>1.8</td>
<td>100%</td>
</tr>
<tr>
<td>PSF</td>
<td>16.0</td>
<td>30.7</td>
<td>52%</td>
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<tr>
<td><strong>Total Financing</strong></td>
<td><strong>16.0</strong></td>
<td><strong>32.5</strong></td>
<td><strong>49%</strong></td>
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</tbody>
</table>
Annex 2. Outputs by Component

Component 1: Community Block Grants. This component provided block grants to finance competitively selected block grant proposals for investments – described and illustrated in Table A2.3 – in (i) conservation, (ii) rehabilitation, (iii) income-generating activities, (iv) renewable energy, and (v) capacity building. During 2010-2012, the project financed over 1,800 proposals in 78 kecamatan in 27 kabupaten throughout Sulawesi and Sumatra. Average block grant amounts per sub-project ranged from IDR32 million (US$3,500) for capacity building to over IDR300 million (US$34,500) for renewable energy. The average amount for renewable energy sub-projects was high because this category included block grants for relatively more expensive micro-hydropower schemes. Over half of the total block grant amount was allocated to renewable energy, followed by income-generating activities and conservation (Table A2.1).

Table A2.1: Types of Infrastructure Financed by the Project

<table>
<thead>
<tr>
<th>Sub-project Class</th>
<th>Number of Sub-projects</th>
<th>Block Grants</th>
<th>Block Grant/Sub-project (US$ ’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>US$ million</td>
<td>%Total</td>
</tr>
<tr>
<td>Conservation</td>
<td>575</td>
<td>5.17</td>
<td>20</td>
</tr>
<tr>
<td>Rehabilitation</td>
<td>128</td>
<td>1.41</td>
<td>6</td>
</tr>
<tr>
<td>Income-generating activities</td>
<td>616</td>
<td>5.11</td>
<td>20</td>
</tr>
<tr>
<td>Renewable energy</td>
<td>342</td>
<td>13.25</td>
<td>52</td>
</tr>
<tr>
<td>Capacity building</td>
<td>150</td>
<td>0.60</td>
<td>2</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1,811</strong></td>
<td><strong>25.53</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Project MIS (31 December 2012)

The total number of project beneficiaries was estimated at about 893,000, which was 2.1% lower than the target of 912,000. The number of beneficiaries from conservation and income-generating activities was estimated at over 680,000, or approximately 75% of the total. As targeted, women accounted for about 50.0% of the total number of project beneficiaries, with little variation across sub-project classes (Table A2.2). The average number of beneficiaries was highest for conversation sub-projects (644) and lowest for capacity building sub-project (258). For all sub-project classes, the block grant amount per beneficiary ranged from US$14,000 to US$21,000, except for renewable energy, where the average amount was substantially higher because of investments in MHP schemes (about US$127,000). In spite of the high average cost per beneficiary, most MHP schemes were economically feasible (mainly because of high fuel cost savings; see Annex 3 for details). This suggests that the benefits—expressed in US$ per beneficiary—were also substantially higher for renewable energy than for other subsectors.
Table A2.2: Project Beneficiaries

<table>
<thead>
<tr>
<th>Sub-project Class</th>
<th>Project Beneficiaries</th>
<th>Beneficiaries/Sub-project (average)</th>
<th>Block Grant/Beneficiary (‘US$ ’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total (‘000)</td>
<td>Women as % Total</td>
<td></td>
</tr>
<tr>
<td>Conservation</td>
<td>370.4</td>
<td>49.8%</td>
<td>644</td>
</tr>
<tr>
<td>Rehabilitation</td>
<td>67.0</td>
<td>48.5%</td>
<td>524</td>
</tr>
<tr>
<td>Income-generating activities</td>
<td>313.0</td>
<td>49.8%</td>
<td>508</td>
</tr>
<tr>
<td>Renewable energy</td>
<td>104.0</td>
<td>51.0%</td>
<td>304</td>
</tr>
<tr>
<td>Capacity building</td>
<td>38.7</td>
<td>51.0%</td>
<td>258</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>893.0</strong></td>
<td><strong>50.0%</strong></td>
<td><strong>493</strong></td>
</tr>
</tbody>
</table>

Source: Project MIS (31 December 2012)

Table A2.3: PNPM Green Sub-projects and Activity Categories

<table>
<thead>
<tr>
<th>Categories</th>
<th>Main Objective of Sub-Projects or Activities</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conservation</td>
<td>To protect and conserve the condition of local environmental and natural resources</td>
<td>Forest management, water resource management, coastal area management, Marine Protection Areas (MPAs)</td>
</tr>
<tr>
<td>Rehabilitation</td>
<td>To rehabilitate the condition of local environmental and natural resources</td>
<td>Reforestation, land rehabilitation, planting trees along the river bank, erosion control</td>
</tr>
<tr>
<td>Income Generating Activities (IGA)</td>
<td>To utilize local natural resources in a sustainable way for the purpose of generating income or improving the local economy</td>
<td>Fish farming, seaweed cultivation, fish aggregating devices (FADs, such as rumpon), agro-forestry, fruit tree nurseries, fruit tree planting, organic fertilizer production</td>
</tr>
<tr>
<td>Renewable Energy</td>
<td>To use or generate renewable energy and reduce pollution and greenhouse gas emissions</td>
<td>Micro-Hydropower (MHP), Photo-voltaic power (solar cell), bio-gas, fuel efficient stove production</td>
</tr>
<tr>
<td>Capacity building</td>
<td>To improve capacities and skills in managing and maintaining local natural resources.</td>
<td>Training for community and local government officials</td>
</tr>
</tbody>
</table>

Component 2: Technical Assistance

A Project Management Unit (PMU) was established in PMD, which provided technical assistance at the national level through a National Management Consultant as well as consultants and facilitators at the provincial, kabupaten and kecamatan level. This component financed 160 consultants to assist with various aspects of project implementation as well as workshops. The outcome was the provision of the technical assistance needed to properly manage the project and monitor and coordinate
facilitators at the local level. The main shortcoming in this component was the delay and difficulty in hiring local facilitators, which in turn adversely affected early implementation progress as well as the quality of compliance with FM requirements.
Table A2.4: Key Performance Indicators (status as of 31 December 2012)\(^9\)

<table>
<thead>
<tr>
<th>No</th>
<th>OUTCOME INDICATORS</th>
<th>Target Values</th>
<th>Achievement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1)</td>
<td>Increased number of environmentally sound and/or natural resource management sub-projects implementation by communities in target locations</td>
<td>1,415</td>
<td>1,811</td>
</tr>
<tr>
<td>2)</td>
<td>Increase number of households deriving energy from renewable sources</td>
<td>32,300</td>
<td>36,277</td>
</tr>
</tbody>
</table>

**INTERMEDIATE RESULT INDICATORS**

1. **Increased community investments in and improved management of ‘green sub-projects’**
   a) Increased amount of Block Grant funding disbursed to finance community-selected ‘green sub-projects’ in target sub-districts | US$ 26.0 million | US$ 23.6 million |
   b) Increased number of renewable energy (RE) projects financed through PNPM and being properly managed by participating communities (disaggregated by RE technology type) | 185 | 411 (162 MHP 249 other RE) |
   c) Increased number of households receiving electricity through PNPM-financed MHP schemes | 22,800 | 26,172\(^{10}\) |
   d) Increased number of households receiving at least 50 watts of electricity through PNPM-financed MHP schemes | 95% | > 95% (based on NMC estimates) |
   e) Community contributions comprise 5% of the total budgets of MHP schemes financed with block grants, and comprise 15% of all other types of ‘green sub-projects’ financed with block grants | 5% for MHP, 15% for other types of ‘green sub-projects’ | 3% for MHP, 13% for other types of ‘green sub-projects’\(^{11}\) |

2. **Increased capacity of local government and community representatives to further incorporate environmental issues into local development planning, implementation, and monitoring processes**
   a) Increased number GOI-contracted consultants/ facilitators with increased capacity to assist communities in NRM/environmental planning | 169 | 160 |
   b) Level of community satisfaction with quality of NRM TA provided by Recipient contracted consultants / facilitators | 70% | 66% (based on sample) |
   c) Villagers in target sub-districts which demonstrate that ‘green sub-projects’ are aligned with mid-term development plans (RPJM-Desa) | 80% | 100% |
   d) Increase in community and local government awareness of links between improved NRM practices and enhanced livelihood | 70% | n/a\(^{12}\) |
   e) Sustained community maintenance of ‘green sub-projects’ after annual block grant funding is fully disbursed | 75% | n/a\(^{13}\) |

Source: Project MIS, except where noted otherwise

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\(^9\) The target values and achievements report on CIDA and PSF-funded activities.

\(^{10}\) 21,567 households received MHP-generated electricity at the end of the project and an additional 4,606 households will be connected once the remaining 35 schemes are completed (expected fall 2013).

\(^{11}\) The achievement values (percentage of community contributions) may increase subject to the completion of the remaining MHP schemes.

\(^{12}\) Studies were planned to be conducted by the executing agency during a no-cost extension in 2013 which was not agreed between MOHA and PSF.

\(^{13}\) ibid
Annex 3. Economic and Financial Analysis

**Introduction.** In 2012 PSF commissioned a study on the return on investment and cost effectiveness of MHP sub-projects financed by PNPM Green. This annex summarizes the final report of the consultant, which contains an analysis of the return on investment and cost-effectiveness of a sample of 15 MHP sub-projects, of which 11 were located in Sulawesi and four in Sumatra. Ten of the (mostly larger) 15 sub-projects were supported by TSU.

**Key findings.**

- **MHP plants financed by PNPM Green are cost-effective.** The average capital cost per MHP installation in the sample was about US$55,000, and the average cost per kW of installed capacity is about US$3,500 (the average cost of TSU-supported sub-projects is slightly higher than for smaller sub-projects without TSU support). This compares favorably to the capital cost per installed capacity of MHP plants developed elsewhere in Indonesia (US$2000-US$10,000/kW for installed capacity between 5kW to 30kW).

- **Community contributions are of some significance for smaller MHP plants.** The average in-kind contribution to TSU-supported MHP plants was equivalent to about 2% of the total capital cost; for smaller sub-projects not supported by TSU, the share was about 9%. Community contributions lowered the capital investment needed from external sources, thereby further improving cost-effectiveness.

- **All MHP plants surveyed recorded operating profits.** In all 15 sample sites, revenue from electricity tariffs fully covered operational expenditures. On average, the operating profit of an MHP scheme is 35%.

- **MHPs are economically feasible because of fuel cost savings.** Cashflow analysis suggests that most of the MHP schemes under PNPM Green are economically feasible only when fuel cost saving is taken into account and major repairs are excluded. (When fuel cost savings are factored in the calculation, 13 out of 14 sites show positive results. This indicates that MHP plants would be unable to cover the full capital and O&M cost from tariff revenue. MHP schemes in rural communities are not expected to be profitable investments because they are the only option for supplying energy to communities which are far removed from the national grid.

- **Economic benefits of MHP plants are significant and broad-based.** Virtually all households enjoy significant fuel cost savings thanks to the electrification of their village. Electricity also increases economic productivity, for example, the provision of inexpensive electrical light allows shops to stay open in the evening, and enables children to study during the evening.

- **Economic benefits may not be realized in full because of inadequate design or O&M.** Although the majority of the schemes in the sample appears to be working well, the operations of some MHP plants are adversely affected by incorrect technical designs (such as a mismatch between installed capacity and actual water flow), and the absence of regular maintenance.

---

Annex 4. Grant Preparation and Implementation Support/Supervision Processes

(a) Task Team members

<table>
<thead>
<tr>
<th>Names</th>
<th>Title</th>
<th>Unit</th>
<th>Responsibility/Specialty</th>
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<tbody>
<tr>
<td><em>Lending/Grant Preparation</em></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Scott Guggenheim</td>
<td>Lead Social Development Specialist</td>
<td>EASID</td>
<td>TTL</td>
</tr>
<tr>
<td>Bolormaa Amgaabazar</td>
<td>Social Development Specialist</td>
<td>EASID</td>
<td>Project design</td>
</tr>
<tr>
<td>Yogana Prasta</td>
<td>Operations Adviser</td>
<td>EACIF</td>
<td>Financial management and disbursement</td>
</tr>
<tr>
<td>Sentot Surya Satria</td>
<td>Social Development Specialist</td>
<td>EASID</td>
<td>Project design</td>
</tr>
<tr>
<td>Theresia Mariana Siregar</td>
<td>Operations Analyst</td>
<td>EASID</td>
<td>Project costing</td>
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<tr>
<td>Unggul Suprayitno</td>
<td>Senior Financial Management Specialist</td>
<td>EASFM</td>
<td>Financial management</td>
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<tr>
<td>Novira Asra</td>
<td>Financial Management Specialist</td>
<td>EASFM</td>
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<tr>
<td>Vivianti Rambe</td>
<td>Environmental Specialist</td>
<td>EASES</td>
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<tr>
<td>Rizal Rivai</td>
<td>Senior Procurement Specialist</td>
<td>EASPR</td>
<td>Procurement</td>
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<tr>
<td>Susanne Holste</td>
<td>Lead Social Development Specialist</td>
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<td>Chloe Jane Olliver</td>
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<td>Co-TTL</td>
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<td>John Victor Bottini</td>
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<tr>
<td>Jeremy Foster</td>
<td>Program Coordinator</td>
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<tr>
<td>Prianto Wibowo</td>
<td>Operations Analyst</td>
<td>EASID</td>
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<td>Griya Rufianne</td>
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<tr>
<td>Vivianti Rambe</td>
<td>Consultant</td>
<td>EASID</td>
<td>Monitoring and evaluation</td>
</tr>
<tr>
<td>Ahsan Ali</td>
<td>Lead Procurement Specialist</td>
<td>EASPR</td>
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<td>Achmad Zacky Wasaraka</td>
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<td>Festina Lavida</td>
<td>Financial Management Specialist</td>
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<tr>
<td>André Oosterman</td>
<td>Consultant</td>
<td>EASID</td>
<td>ICR author</td>
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</table>
(b) Staff Time and Cost

<table>
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<tr>
<th>Stage of Project Cycle</th>
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<tr>
<td></td>
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</tr>
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<td>4.6</td>
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Annex 5. Beneficiary Survey Results

Introduction. In 2012, PSF commissioned two studies to assess the impacts of PNPM Green on intended beneficiaries. The first study assessed the impacts of the project on the livelihood of beneficiaries through focus group discussions and interviews with over 900 respondents in 50 villages in five provinces covered by PNPM Green. The objective of the second study was to assess the spillover effects of the project through a qualitative analysis of four types of sub-projects in eight pilot villages in four different provinces. The results of the two beneficiary surveys are summarized below.

(a) Executive Summary of “Results Evaluation of PNPM Green Sub-Projects: An Economic and Livelihood Analysis”

This study was commissioned to provide an analysis of economic, environmental, and social benefits of the project.

The study was undertaken through extensive fieldwork combining household interviews, focus group discussions, and key information interviews at village, sub-district (Kecamatan), and province levels. Data was supplemented with information from the MIS of PNPM Green. The data were analyzed directly and through computation of expected future benefits.

PNPM Green aims at improving environmental and Natural Resources Management as well as the associated governance, while at the same time increasing the incomes for households and poor communities and empowering local groups which prepare and execute the sub-projects. The study used the livelihoods concepts of financial, natural, human, and social assets as well as ‘influence and access’.

There are positive results on household financial assets, both in terms of direct income - mainly from selling products - and savings related to reduction in household expenditures. Even stronger positive results are expected in future, as expressed by the households and as estimated quantitatively.

Beneficiary participation level is likely to be higher if a sub-project: conforms to the urgent needs of the participants’ livelihoods; provides immediate benefits to the community; supports increase in direct household incomes in the communities; is supported by local values, local regulations, or local knowledge; and is co-facilitated by community leaders and local government officials.

Some of the PNPM Green sub-projects support income-generating activities. These are often successful, but mainly at the household level where households reported increased income from, for example, selling fruits or fish. It appears that few viable businesses have been established. Household assets also increase through Renewable Energy projects that reduce expenditures.

The capacity building activities of PNPM Green are generally quite effective and are appreciated by beneficiaries, who generally apply the skills they have learned. They also find the materials used instructive. Human assets such as knowledge and skills of beneficiaries and persons involved in project execution have increased through participating, sharing, and formalized capacity building.

The study finds that 66% of households reported that capacity building by PNPM Green has had a positive effect on their involvement in the project and 65% make use of the skills they acquired through capacity building. Of these, 44% use the new skills directly.

An important goal of PNPM is empowerment of local communities, or improvement of social assets and influence and access. The study finds that empowerment is happening mainly through participation in the socialization stage (85% respondents have participated in socialization), and less during the stage of proposal selection and maintenance of sub-projects. There are positive effects of improved interactions with branches of government, and improved local governance of Natural Resources Management. The latter is mainly the case in locations with pre-existing local knowledge related to the environment for such governance. In such locations the sub-projects are generally also more successful, and maintenance is better organized. Elite capture is low, but the involvement of local leaders in mobilization is important.

This study found that over 33% of respondents note a positive change in women’s role in the local community, and overwhelmingly they associate this change with PNPM Green.

The positive effects on natural assets (environment and natural resources) in terms of improved environmental services are highly significant, but will mainly be felt a few years from now, as trees and mangroves planted mature. The benefits are erosion control, improved protection against storms, increased productivity of marine food webs, improvements in soil fertility, etc. Several of these have positive effects on the local economy, both for households and for the community. Some also have wider, positive effects on society as a whole.

The findings therefore confirm that PNPM Green is meeting its main objective of improving the livelihoods of poor rural people, the rural environment, and natural resources.
(b) Executive Summary of “Qualitative Study of Spillover Effects of PNPM Green Pilot Projects” 16

The Spillover Effects Study has three goals:
1. To identify the type of improvements generated by PNPM Green, especially on socioeconomic performance, natural resources, environmental management and quality of life. It also aims to promote medium-term village development plans (RPJMDes);
2. To analyze how PNPM Green generates benefits for communities; and
3. To assess the overall impact of PNPM Green sub-projects and activities, and make recommendations about future PNPM Green investments.

In this study, non-beneficiaries in pilot and non-pilot locations were invited to complete questionnaires. These employed qualitative and quantitative approaches.

The scope of economic spillover effects on financial assets of non-beneficiaries is determined by the adoption of PNPM Green practices and non-beneficiary involvement in sub-projects and activities. Involvement in river conservation (Lubuk Larangan) provides additional income for households and an additional source of fish-derived protein for the family. MPAs generated increased fish populations and decreased fishing costs, travel distance, and fishing time. MHP schemes have generated minimal benefit for non-beneficiaries due to limited turbine capacity. Training programs generated no economic benefits because they were discontinued. The study found that economic spillover provided relatively small increase in household income.

In terms of natural assets, diverse benefits are experienced by non-beneficiaries: increased number and variety of fish (river conservation and MPA sub-projects), improved upstream ecosystems with more tree planting (MHP sub-projects), improved coral reef quality (MPA sub-projects), and less coastal erosion (mangrove planting).

The study also revealed that PNPM Green enhanced social assets for non-beneficiaries. This relates to increased knowledge about environmental conservation, sustainability and NRM. The scope of increased knowledge for non-beneficiaries could be increased if PNPM Green linked its sub-projects and activities with existing local knowledge or wisdom, or existing community activities. Increased knowledge also depends on the empowerment approach, and the effectiveness of village leaders and facilitators.

In terms of natural resource-related governance, the study reveals that only limited benefits are generated for non-beneficiaries. Only two study locations exhibited improvements in their natural resource governance. The application of village regulations in the participating communities (beneficiaries) has encouraged the non-beneficiaries to adopt similar regulations. The success of river conservation, MPA and MHP sub-projects for participating communities has encouraged the

adoption of these types of sub-projects by the non-beneficiaries. In addition, qualitative analysis suggests that an ecosystem unit approach may increase the rate of sub-project uptake by non-beneficiaries and encourage inter-village collaboration. The sustainability of PNPM Green depends on the success in strengthening institutions at both the village and the district levels.

Finally, the study recommends that:

- Social and environmental factors should be considered when determining types of sub-projects and sub-project locations;
- Local wisdom and knowledge of relevant sub-projects should be identified and supported during implementation;
- Informal village-level meetings should be conducted more frequently to encourage sharing of information and ideas between beneficiaries and non-beneficiaries;
- Financial assets should be considered during the design and implementation of sub-projects;
- Sub-projects and activities that need technical support should focus on strengthening local communities (rather than relying on external facilitation); and
- Capacity building initiatives should also be targeted at the district and provincial level.
Annex 6. Stakeholder Workshop Report and Results

This annex summarizes the results of a workshop on the evaluation of PNPM Green, which was held in Jakarta on March 18, 2013. The workshop was attended by representatives of the central government, CSOs, development partners and consultants involved in the implementation of the project.

The main conclusion of the workshop was that PNPM Green should be continued, but should be more focused and better integrated with PNPM Rural. Apart from this main conclusion, the meeting resulted in the following recommendations for the short and the medium terms:

- Integration between PNPM Green and PNPM Rural is needed, but only at the national policy level, not at the district or sub-district level.
- PNPM Green needs to be more focused.
- The quality of facilitation and local leadership are critical success factors in project implementation.
- Better verification and facilitation is needed to ensure equitable distribution of benefits.
- Greater community awareness is needed to stimulate investment in new technologies.
- Communities are prepared to invest themselves if a project fulfills their needs.
- First give grants for new cost-recovery technologies, and then use RLF.
- Ensure sustainability of green projects.
- Ensure synergies between PNPM Green and PNPM Rural investments.
- Evaluate first, then upscale.
- Democratic voting for green projects does not automatically lead to optimal decisions.
- In spite of the limitations, PNPM Green should be continued.
- PNPM Green mainstreaming with all stakeholders is needed.
- Facilitation and technical assistance is needed.
Annex 7. Grantee’s ICR and Comments on Draft ICR

(a) Grantee’s Completion Report

Advancing an environmental agenda within the national community empowerment program in rural area (PNPM-Rural) is an essential part of sustainable community development; and this was achieved through PNPM Green-Decentralized Management of Natural Resource and Renewable Energy TF093076- which was a multi donor funded project implemented during 2010-2012 by the Government of Indonesia in eight provinces (4 provinces in Sumatra and 4 provinces in Sulawesi), 29 districts and 78 sub districts. This report focuses more on outcomes of the project, PMD’s assessment of project partners including the World Bank, PSF, donors, CSOs and TSU, as well as lessons learned during preparation and implementation of the project.

The Project development objective of PNPM Green is to make utilization of natural resources by local community sustainable. The objective is achieved through environmentally sound and/or natural resource management subprojects (altogether there are 2,927 sub projects which exceeds the target of 2,500 by end of 2012) that were implemented by communities in target location; and through the use of renewable energy sources (36,277 households of 32,300 targeted by end of 2012).

In terms of the grant disbursement, about 93% of the grant (US$31,675,749 of US$34,000,000) was disbursed and about US$ 23.6million were invested in community sub projects.

Key factors affecting implementation and outcomes of the project include: a) project design which adopts PNPM Rural platform and expansion of the previously implemented CIDA funded KDP and Environment in Sulawesi, b) earmarked block grants for NRM and MHP, c) government commitment, d) CSO and TSU involvement, e) community participation, f) facilitation, g) access to information, and h) weather condition which affects implementation of ‘green’ sub projects (e.g. tree planting that needs specific weather).

In addition to the achieved PDO and intermediate outcomes, PNPM Green has spill-over effects including increased knowledge on NRM and RE by communities and local government, ‘replication’ of PNPM Green sub projects in PNPM Rural and in PMD’s SDA Lestari Project funded by the national budget. WCS’ study also calculated the potential reduction of GHG emission from RE and NRM sub projects financed by PNPM Green (WCS has projected, that with the assumption of 50% mortality rate of the trees within 15 years, the trees can contribute to carbon sequestration of more than 818,170 ton equivalent CO2); and PNPM Green has resulted in further discussions amongst PMD, PSF, CSOs, TSU and other stakeholders to continue and improve the pilot project.
The Directorate of Nature Resources and Appropriate Technology (SDATTG), under the Directorate General of Community and Village Empowerment (PMD), Ministry of Home Affair was the executing agency for PNPM Green, but involvement of the World Bank, PSF, CSOs, TSU and donors played important roles in the preparation and implementation of the project.

Summary of main issues regarding the roles and performance of World Bank/PSF, Donors, CSOs and TSU, as well as self evaluation of the Borrower’s performance are as follows:

- Despite PSF important functioning roles in coordinating grants and supports from development partners such as TSU for MHP, CSOs, and DANIDA technical support; Long and bureaucratic grant administration, procurement and operational processes in the World Bank/PSF and World Bank/PSF-driven project implementation as almost every stages of project implementation has to be ‘approved’ or to have No-Objection Letters (NOLs) from the World Bank.

- PMD has a serious concern regarding how the World Bank/PSF handled the proposed No-Cost Extension of PNPM Green and PSF seems fail to maintain good coordination and communication at the closing period of the project.

- The role of the PSF in increasing the capacity of GOI as executing agency is very limited, and only focused on operational and management issues of the project rather than on natural resource management (NRM) and renewable energy (RE) which is the core business of the project. However PSF provided support in the form of implementation support missions, aide-memoire, and communication to public, and setting up the M&E, MIS as well as conducting analytical works/studies.

- PSF did not develop clear institutional setup especially on partnership between CSOs and GOI. However, PMD observed that PNPM Green Task Team played an important role in facilitating day-to-day communication between CSOs and PMD.

- CSOs, which have different capacity and approaches, and TSU were regarded as important, influencing and supportive stakeholders in the implementation of the project. Close coordination at national and sub national level were well established, although some improvement should have been made, such as clear coordinating line between CSOs and PMD, and clearer and more transparent resources and information from TSU.

- TSU is regarded as unsustainable institution and depends on fund support from donor and not governed by the World Bank/PSF who coordinates PNPM Green grants

- Donor involvement in project design, implementation, monitoring and evaluation varies. However, CIDA and DANIDA contributed more in knowledge sharing with other projects, project design and evaluation, and provision of training and capacity building to PNPM Green stakeholders, including PMD, consultants and facilitators, and CSOs.

- PNPM Green was considered as a pilot project of PNPM Rural. However, management set up of PNPM Green was separated with PNM Rural in different directorate i.e. in the Directorate SDATTG, since the Directorate SDATTG had more relevant roles and function with the pilot project. However, this situation, made integration of PNPM Green with PNPM Rural challenging.
Main lessons learned of the project are:

1. PNPM Green has responded to the immediate needs of communities for protection and rehabilitation of essential ecosystem services, as well as the provision of productive services (sustainable income generation and supply of renewable energy)
2. PNPM Green has been designed as a ‘one size fits all’ approach, with a somewhat rigid budget structure that makes experimenting and deviations from the original plan very difficult
3. The annual block grant cycle is often incompatible with the financing requirements of biological natural resource management sub projects.
4. Developing partnership between CSOs or other institutions with PMD requires clear coordinating line or agreements
5. The creation of separate CDD projects increases administrative burden at sub-national government level. Mitigation on negative impact of this situation should carefully be prepared in project design
6. Increasing the capacity of existing and formal institutions should be the priority in developing and implementing similar project/program rather than forming ad-hoc institutions
7. Institutional arrangement of similar project/program at sub national level should ensure involvement of local government planning and technical agencies (SKPD).
8. The quality of facilitators is the main driver of community-based project implementation quality
9. The right choice of CSO to promote awareness raising and capacity building for Green PNPM is crucial to the success of the program
10. The “project culture” still very much prevalent among rural communities in Indonesia and rural communities expect to be paid wages to contribute their labor to sub-projects
11. More sustainable ‘green’ sub projects often affected by clear roles and responsibility of specific beneficiaries/community groups rather than separate roles of ad-hoc team in community as TPU, TPK, and Tim Pemelihara (maintenance team)
12. To ensure effectiveness of PNPM Green investment in NRM/ conservation, sub projects should consider natural resource/ conservation targets at landscape level and integrated in village spatial planning.

Summary of main recommendations for the future ‘green’ investment in CDD program are:

1. Projects or programs that are advancing ‘green’ into CDD program should be encouraged to achieve sustainability of natural resources and low emission development in rural area.
2. PNPM is a strategic platform in advancing NRM and RE in CDD program in Indonesia however project cycle should consider multi-year financing of sub projects since annual block grant cycle is often incompatible with the financing requirements of biological natural resource management sub projects.
3. PSF should be more GOI-driven rather than World Bank-driven, in managing grants and pioneering coordination amongst development partners in mainstreaming NRM and RE into CDD program in Indonesia.

4. Conservation CSOs/NGOs should be involved in partnership with GOI in designing and implementing ‘green’ CDD project/program.

5. Adequate training on NRM and RE is required by ‘green’ CDD project facilitators as well as local government staff. NRM & RE training modules and ‘Green’ facilitators from PNPM Green are potential resources to be used in increasing the capacity of facilitators and local government officials.

6. To ensure effectiveness of ‘green’ CDD program/project, program/project investment should take into account natural resource/conservation targets at landscape level and/or integrate it in village spatial planning.

7. Future ‘Green’ CDD should explore other concepts such as Payment for Environmental Services (PES), Public-Private Partnership for a better design and implementation.

8. Future Green CDD program should focus more on increasing the capacity of existing and formal institutions rather than forming ad-hoc institutions.
Annex 8. Comments of Cofinanciers

Comments from AusAID:

The single most important point is that AusAID fully supports the idea to mainstream the lessons learned from this pilot into the main PNPM perdesaan. However, in our view the final ICR or some other document needs to address more directly and with more precision how those lessons will be incorporated into the main PNPM program. There are some good initial ideas in the ICR, but the perhaps the final version can flesh these out further and tie them into PNPM’s roadmap and future development more directly.

Other comments include:

· At the project closing (Dec 2012), $3.3 million allocated for Micro Hydro Power in Papua remained unspent. What’s the plan for this remaining fund?

· Areas for Improvement (page 14):
  - Limited coordination between PNPM Green and PNPM Rural – i.e. Rural facilitators could have helped Green facilitators but they didn’t receive instruction to do so, lack of information exchange which limited mainstreaming of “Green” practices into rural.
  - Weaknesses in procurement procedures, practices and oversight mechanism i.e. sometimes it’s not transparent.
  - Late reporting i.e. PMD didn’t submit quarterly report until the 1st quarter of 2012
  - Late disbursement

Considering that PNPM Green is continuing but now as part of the main PNPM-perdesaan, how will those areas be improved in the future?

· Lessons learned (page 22):
  - PNPM Green has increased community’s awareness and understanding on natural resource management. However, the Green project time frame was too short and, thus, require longer time period for stronger sustainability;
  - Sub-projects of income generating activities (i.e. tree planting in private land and small business development) were highly profitable as compared to those involving ecosystem protection or rehabilitation, which were often seen as “cash for work” programs;
  - GoI annual budget cycle and late block grant disbursement don’t allow funding of sub-project during multiple years. As the result, communities tended to choose for projects that could be completed in one budget cycle;
  - The success of pilot project relies heavily on facilitators but there were concerns on their quality, competitiveness of salary package and GoI responsiveness to fill in empty positions of facilitators;
  - Multiplicity of Trust Funds led to a complex management structure and multiple reporting requirement;

The Evaluation Workshop, held in Jakarta on 8 March 2013, also concluded with a consensus that there is a need for integration between PNPM Green and PNPM Rural (annex 6). However, the ICR doesn’t clearly elaborate how these recommendations are moving forward or how they will be
transformed into clear sets of action. The idea that the major lessons from this program will be
captured and reflected into operational activities inside the main PNPM requires more detailed
elaboration, either here or in a free-standing brief that gets reflected in future PNPM support.

We would also like to congratulate the PNPM team – both PMD and the PSF – for taking on this
challenging but important activity. We believe that the benefits and lessons learned justify the
investment, particularly if follow-on work can now contribute more effectively towards community
level resource management and livelihoods development. Given the government’s overarching
commitment to sustainable livelihoods through MP3KI, these lessons should also contribute to
Bappenas’s ongoing thinking over where to invest in future livelihoods work.
Annex 9. List of Supporting Documents

- Project Concept Note. Bappenas. June 2009
- Quarterly Progress Reports. MoHA.
- Annual Progress Reports. MoHA.
Annex 10. PNPM Green Trust Funds and WBS Elements

Parent Trust Fund
TF070545 (CIDA)

TF059880
GOI-Executed
Covers: Sulawesi
Closing date: Dec 31, 2010
Status: Closed
Grant: $9,800,000

TF090967
Parent Trust Fund
TF070967 (PSF)

TF011930
Covers: Sumatra
Closing date: Jun 30, 2013
Status: Active
Grant: $465,000

TF093076
GOI-Executed
Covers: Sumatra
Closing date: Dec 31, 2012
Grant: $755,000

TF093077
Grant: $34m

TF066887
BE (M&E)
Covers: Sumatra
Closing date: Dec 31, 2012
Status: Closed
Grant: $2,295,400

TF090976
RE (CARE)
Covers: Sulawesi
Closing date: Feb 28, 2011
Status: Closed
Grant: $758,800

TF090977
RE (OWT)
Covers: Sulawesi
Closing date: Oct 31, 2012
Status: Closed
Grant: $1,127,430

TF090912
RE (OWT)
Covers: Sulawesi
Closing date: Oct 31, 2012
Status: Closed
Grant: $1,466,000

WBS: P121427
WBS: P126132
WBS: P130909
WBS: P126138
WBS: P136127
IMPLEMENTATION COMPLETION MEMORANDUM (ICM)

A. BASIC TRUST FUND INFORMATION

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B. TRUST FUND DEVELOPMENT OBJECTIVES AND DESIGN

1. **Original Trust Fund Development Objectives**

   The main objective of this project was “implement the Training and Awareness component of Kecamatan Development Program (KDP) in Sulawesi”. The Kecamatan Development Program (KDP) was the predecessor to the current National Program for Community Empowerment (PNPM), and an environmental agenda has been progressed under PNPM through the “Green KDP” (now PNPM Green) special project in eight target provinces.

   The Project Development Objective for PNPM Green is to make the utilization of natural resources by rural communities sustainable. The objective is achieved through (i) mainstreaming natural resource management issues in the community-driven development planning process, (ii) increasing environmental awareness and related management capacity of communities and government stakeholders, and (iii) the disbursement of block grants to fund environmentally supportive ‘green’ projects at the sub-district (kecamatan) and district (kabupaten) level.

   This Trust Fund supported technical assistance provided by the recipient: Wildlife Conservation Society (WCS). The WCS was responsible for delivering environmental awareness-raising and training activities to the pilot’s community beneficiaries and other sub-national stakeholders including local government officials to assist in the design and implementation of viable ‘green’ sub-projects.

   There were no substantive changes to the development objective for this project.

2. **Original Trust Fund Activities/Components**

   The project consists of the following components and related activities:
(i) Project management and initial assessment activities including (a) establishment of coordination mechanisms with KDP coordinators and management consultants to integrate the Project into the existing KDP structure and mechanisms; (b) establishment of focal points for the project in each Participating Kabupaten; (c) carrying out of economic evaluation studies and training needs assessments in each Participating Kabupaten; and (d) carrying out of monitoring and evaluation activities, and compilation of reports on the progress of the Project for onward transmission to the World Bank.

(ii) Training including (a) preparation of modules for KDP-Sulawesi training and training materials, including agro-forestry best practices, fishery best practices, development of community regulations to manage natural resources, integrating environmental education with school improvement projects; environmental risk assessment; local watershed management including micro-hydro; pollution and waste management; and (b) training of facilitators at Kabupaten level.

(iii) Awareness raising including (a) design and implementation of an awareness raising strategy to address sustainable natural resource use and conservation issues in Participating Kabupaten; (b) carrying out of an awareness media analysis and design of communication themes; (c) preparation of local newsletters and making use of local billboards and media outlet; and (d) facilitating inter-village exchanges, using existing Lestari multi-media approaches.

There were no substantive changes to the development objective for this project.

3. **Outcome Indicators**

The original outcomes performance benchmarks for this project were:

(i) Well trained KDP facilitators and other local KDP stakeholders, who can ignite and facilitate ‘green’ projects within the KDP, not limited to those within KDP-Sulawesi.

(ii) Local community members, including women and children, who are aware of environmental issues and sustainable natural resource decisions that they can participate in.

(iii) Adoption by regional governments of natural resources governance issues as an integral part of the policy development and decision making process.

(iv) A sustainable capacity among both KDP facilitators and KDP stakeholders of all levels to continue the implementation of locally-driven “green” development investment and to expand its geographic coverage to new areas.

There were no substantive changes to the outcome indicators for this project.

4. **Other Significant Changes in Trust Fund Design**

Significant changes made to this Trust Fund were amendments to extend the end date of the activity by two years and two months, expand the number of kecamatan and kabupaten covered in the province of North Sulawesi, and increase funding accordingly. The original end date was 30 August 2010, which was extended to 31 October 2012. The original Trust Fund amount was US $754,230, which was increased to US $1,127,430 when the timeframe was extended.
C. OUTCOME

1. Relevance of TF Objectives, Design and Implementation

Rating - Satisfactory

The original Trust Fund objectives, design and implementation remain as relevant today to country and global priorities - and to the Bank’s Country Partnership and Sector Strategies - as they were at the outset of the project. The PNPM program is the flagship program under Cluster 2 of the Government of Indonesia’s poverty reduction strategy. The program empowers villagers to exercise their rights over matters of public interest and to be at the forefront of a locally managed, sustainable development process. Indonesia is pursuing a triple track plus one development strategy: Pro-growth, pro-job, pro-poor, and pro-environment. The National Medium-Term Development Plan (2010 – 2014) recognizes that environmental challenges threaten the sustainable development of the country, and various studies have outlined the opportunity costs to Indonesia of poor management of its natural resource wealth, exacerbated by the costs of climate change. Advancing an environmental agenda under this project has been an essential part of addressing priority poverty alleviation objectives through supporting environmentally sustainable, community-driven development.

The World Bank’s Country Partnership Strategy (CPS FY2009-2012) for Indonesia has emphasized investing in Indonesia’s institutions for inclusive and sustainable development. In addition to its cross-cutting governance agenda, the CPS identified five thematic areas that informed the core of the Bank’s engagement in Indonesia under this CPS: (a) private sector development; (b) infrastructure; (c) community development and social protection; (d) education; and (e) environmental sustainability and disaster mitigation. This project has continued to address key issues of environmental sustainability and community development in rural villages, as well as alternative income generation and institutional capacity building.

2. Achievement of TF Development Objective

Rating - Satisfactory

The development objective of this Trust Fund was achieved, with the training and awareness raising activities undertaken by WCS leading to program facilitators and other stakeholders proposing and successfully delivering over 2,900 green activities against a target of 2,500. This demonstrates that stakeholders have been able to ignite and facilitate relevant natural resource management (NRM), renewable energy (RE), and income generating activities.

WCS has delivered technical assistance to communities to support villages to develop more sustainable village development plans (RPJM-Des), and based on these plans, to propose and manage the implementation of these activities. Taking a thematic rather than geographical approach to their support, WCS identified local potential that they could support by leveraging their comparative advantage in key theme areas. The six themes that WCS maintained throughout the program were: clean drinking water, NRM management, cattle rearing, coral reef protection, human-animal conflict, and protection areas.

WCS delivered considerable Information, Education, Communication (IEC) campaigns and have tracked and analyzed the impact of these campaigns on community decision-making. They establish a clear link between increasingly diverse ‘green’ activities selected by communities, and the awareness-raising regarding these activities that WCS undertook under this Trust Fund. WCS media
campaigns used a variety of forms including radio, film, mobile exhibition vehicles, campaign billboards and newsletter, etc. Through their local partners, WCS established activity demonstration plots (demplots), and provided on-the-job technical training to community members and other stakeholders in the implementation and management of green activities such as bio-gas production, alternative crop production, and so on. All of the demplot activities established under this Trust Fund were chosen as some stage by communities as PNPM Green Block Grant activities. This is a testament to the quality of WCS’ pre-assessment, trialing and analysis of demonstration activities prior to scaling up the demplots.

The 2009 Grant Reporting and Monitoring (GRM) for this Trust Fund notes a tangible improvements in coordination efforts by WCS with government program partners and other stakeholders. The 2011 GRM notes that PNPM Rural facilitators found the involvement of WCS in target areas helpful, and WCS reports their consistent engagement with sub-national and national level government partners in their activities throughout the program period. WCS increased the capacity of PNPM facilitators to manage basic training and awareness-raising in environmental issues and safeguards themselves. They also supported PNPM Rural facilitators and sub-national government Work Units through the provision of training modules and manual on environmental principles and the activity cycle for PNPM Green.

Unlike the other CSO engaged under PNPM Green to deliver similar outcomes in a different location, WCS always maintained that their primary role was to work with communities, and to support communities to increasingly engage with program and other government stakeholders. WCS did push government contracted facilitators to uphold their responsibilities, and did not appear to try to substitute for gaps when they appeared, maintaining a clear focus on their specific role.

3. **Efficiency**

**Rating - Satisfactory**

The project was well managed and coordinated, and funds were utilized efficiently by WCS to achieve the program objectives. Given the nature of the activities supported by this Grant, neither economic nor financial rates of return can be computed, but survey data is included in the section below on Development Impact.

The project was completed slightly under budget and within a timeline that was acceptable to the donor and PSF. Extensions for 18 months were requested and approved by PSF. These extensions were granted to compliment the extension by Government of Indonesia of the main component of the program – the disbursement of Block Grants to rural communities to undertake “green” activities.

4. **Development Impacts, including those that are Unintended/Unrelated to TF Objectives**

**Rating - Satisfactory**

As is evidenced by the relevance of this Trust Fund, as well as the recipient’s efficiency in achieving the development objectives of the Grant Agreement, WCS has achieved significant development impact through this Trust Fund. A recent analysis of the economic, environmental and social benefits of PNPM Green (Economic and Livelihood Report, 2012) shows that 66% of the almost 1,000 households interviewed for this study said that capacity building endeavors had a positive impact on their involvement in the program. Further, 65% of respondents said that they make use of the skills they acquired during capacity building.
As outlined above, village development planning processes have become more environmentally sustainable as a result of the program, and communities have become increasingly confident to propose and implement a more diverse range of green activities. Not only have community resources been mobilized to support program investments, but contributions have also been received from other sources. Notable, WCS has made significant links between local communities and the private sector (especially in eco-tourism), which increases development impact and outcome sustainability.

Particularly important has been the increased knowledge base developed in North Sulawesi, anchored in village “study centers” supported through the sub-national PIU as well as in WCS’ local community based organizations (CBOs) partners. Interestingly, WCS took a “cascade” approach to providing capacity building and awareness-raising in the field, which meant that they identified and worked through local CBOs rather than recruiting and mobilizing facilitators themselves. This enabled them to increase their coverage and entrench capacity in local organizations. It is clear that WCS has invested much in developing the management capacity and technical skills of these partner CBOs, and has also invested in increasing capacity in issues such as gender inclusion and safeguards.

WCS consistently provided gender disaggregated data for their program, and by the end of the program, report that they have provided technical assistance to over 10,000 female beneficiaries in North Sulawesi and that 45% of all attendees at training in North Sulawesi were women. Further, WCS has supported the development of a women’s small business network and supported women to train other women’s groups in surrounding areas to establish similar small businesses.

5. **Overall Trust Fund Outcome**

**Overall rating - Satisfactory**

Overall, the rating for this Trust Fund is satisfactory. This is because WCS continued to deliver activities that contributed to the efficient achievement of the Project Development Objective, leading to a positive development impact. The relevance of the Trust Fund objective has increased, if anything, over the time of the Trust Fund.

**D. Risk to Development Outcome**

1. **Follow-On Results and/or Investment Activities**

Grant Funds are being sought for a follow on activity, the objective of which is to progress environmental sustainability across the PNPM Rural program in an integrated and measurable manner i.e. to mainstream the outcomes of the PNPM Green pilot across the PNPM Rural program. Central to the follow on activity will be to support the provision of supplementary, specialist environmental technical assistance to rural communities and sub-national stakeholders, much as WCS has done under this Trust Fund. This project has provided good lessons and models for delivering the supplementary technical assistance proposed for the follow on activity and therefore will assist in garnering support for the follow on activity. In particular, by approaching the program through a “thematic” lens and working through local CBOs in a cascading approach to delivering technical assistance on the ground, WCS has provided alternative models for the provision of sector-specific support to that provided by the other CSO.

**Activity/Investment:**
2. **Replicability**

This Trust Fund demonstrated that specialized, sector-based technical assistance can be provided to communities through appropriate CSOs and can supplement PNPM Rural facilitators to support the achievement of sector-specific outcomes.

This Trust Fund has also demonstrated that the provision of awareness raising and sector-specific training can inspire and support sustainable investments in relevant activities by communities. This is particularly relevant for the future of PNPM Rural and CDD programs more broadly as they continue to evolve and incorporate multi-sectoral outcomes. This is important in a context where small-scale infrastructure has traditionally dominated these program outcomes.

3. **Overall Risk to Development Outcome**

**Rating – Moderate**

Understanding the high likelihood that income generating outcomes would be sustained for considerable periods of time by program participants due to vested self-interest, from the outset WCS prioritized support to activities that would bring income into communities. For example, by supporting communities to establish village nurseries, those communities have generated income from improved harvest of better crop varieties as well as from selling saplings and seedlings. However, for some tree planting and ecosystem services activities, it is not clear to what extent these will be sustained beyond the project cycle as it appears these sorts of activities have sometimes been treated as “cash for work” schemes by communities. Where communities are able to articulate the cost benefits that investments in ecosystem services bring in terms of disaster mitigation - especially communities that have lost much in storm surge, erosion, landslide and other disasters resulting from degraded environmental services – these investments are likely to be sustained.

For Renewable Energy investments, it is clear that communities which have electricity for the first time highly value it, and even more so when they understand the cost savings involved in renewable sources compared to being connected to the grid. WCS has invested in developing simple standards and guidance for the establishment of bio-gas digesters when has led to communities replicating these renewable energy sources in North Sulawesi using their own finances.

Other risks to development outcome include changing political priorities and decreased political commitments to environmental sustainability. However, WCS supported communities to link up with local government programs to maximize ongoing support for investments, for example, in linking numerous village activities to the broader provincial Eco-tourism Strategy in North Sulawesi as well as to private businesses such as dive resorts.

Technical capacity could pose a risk to sustainability of development outcomes for some activities, however, WCS has invested in developing the capacity of local CBO partners, in community cadres, and in a network of skilled resource persons – utilized by WCS as trainers and demonstration model / plot managers under the program. Further, their cascade approach to support and strengthen local CBOs to deliver activities in the field will mitigate risks to development outcomes. Particular important is that some of their CBO partners have successfully attracted funding sources.
As with all environmental programs, outcomes are often at risk of natural disasters, a frequent occurrence throughout Indonesia. These risks are often known by communities before they invest in programs and are therefore factored into decision-making at the outset.

E. PERFORMANCE

1. **Performance of the Bank**

**Rating – Moderately Unsatisfactory (MU)**

Bank performance was moderately unsatisfactory, in part because this program has had a number of different TTLs over its lifetime which led to incremental changes in the concept of the program, and for this recipient, changes in the way performance indicators were tracked and reported on, with the reporting template being changed in mid-2011. These changes did better link CSO reporting to the overall PNPM Green Project Development Objective, but posed challenges for the Recipient in terms of consistency of progress tracking and reporting. The ultimate success of the Trust fund is a credit to the management within the CSO, which continued to implement activities in the field in their interpretation of what was necessary and possible, in line with the Project Development Objective.

An ongoing challenge for the Bank has been a lack of strategic cohesion, although this is not entirely negative given that PNPM Green was piloting a number of approaches. When the concept of addressing the environment through PNPM was first mooted the team looked at ways of integrating environmental objectives through the PNPM Rural program. For a number of reasons, but in particular due to the administrative complexities and management capacity weaknesses of PNPM Rural, the environment pilot has ultimately replicated many of the PNPM Rural structures and processes rather than being integrated into them.

The lack of strategic cohesion has led to changes in the way WCS was asked to track and report on performance indicators. However, the Bank did undertake an Implementation Supervision Mission in mid-2011 together with both CSOs during which various changes were collaboratively developed and tested, the results of which were subsequently implemented by the CSO.

Some quantitative targets were set for WCS in 2009, although this was modified when the reporting format was changed in 2011. This hampers the ability to clearly demonstrate results. Further, although a baseline for the whole program (not just this Trust Fund) of sorts was conducted, it was deemed inadequate very soon after it was completed. No subsequent baseline was conducted.

The project start up was not managed well by PSF. WCS was mobilized in the field to support the communities to manage activities funded by block grants 18 months before the funding actually arrived in the communities which caused problems.

Finally, there have not been sufficient field missions over the life of the program to verify the outcomes and activities reporting on by the Recipient. This issue was raised in a number of Aide Memoire.

2. **Recipient**

**Rating - Satisfactory (S)**

The recipient met most expectations with regards to project execution and reporting, and Recipient performance was satisfactory when the above Bank performance situation is taken into account.
One issue that did hamper WCS’s performance was the expiry of their Memorandum of Understanding with GoI, which meant that the Bank could not legally disburse for around 18 months in the middle of the project. This affected implementation and disbursement rates for this Trust Fund. WCS has been late to submit some IFRs and did not always complete audits on time.

Detailed reports on the Recipient’s activities were provided every three months throughout the duration of the program. WCS was very supportive in field missions and responded quickly to any recommendations from aide-mémoires and Back to Office Reports.

F. LESSONS LEARNED / RECOMMENDATIONS

The success of community driven development initiatives funded across the PNPM portfolio is highly dependent on the quality of facilitation of those communities, an issue that is routinely raised in progress and outcomes reporting. An issue for the future of PNPM is how to become more integrated as a program, but also support multi-sectoral outcomes, the technical assistance for which may be best provided through alternative channels, such as specialized CSOs. A review has been commissioned to further assess and analyze the experience of using CSOs as sector-specific supplementary facilitation / technical assistance through PNPM Green. By utilizing a thematic approach to their support, and using a cascade model of delivering technical assistance through local partner organizations, WCS has provided yet another model of providing supplementary, sector-specific field facilitation. This study will provide recommendations to inform future sector-specific facilitation support across the entire PNPM Rural program, including in the environment. It will be particularly important to ascertain how much quality assurance and oversight was provided and is needed by the “umbrella” CSO in such a model.

By taking a thematic approach to their support in North Sulawesi, WCS was able to identify local potential and take up opportunities as they arose. Further, they were able to utilize their comparative advantage in particular issues, such as through the provision of highly technically competent assistance to communities. However, this may have left gaps in communities which had green development potential but where this potential did not necessarily fit with WCS’ areas of expertise. At times, it appeared that WCS was uncertain of the activities undertaken in a range of villages, but had deep technical understanding of the activities in other areas.
IMPLEMENTATION COMPLETION MEMORANDUM (ICM)

A. BASIC TRUST FUND INFORMATION

| TF Name: | Kecamatan Development Program (KDP) in Sulawesi Environmental Training and Awareness Project in Southeast Sulawesi (OPWAL) |
| TF Number: | TF090977 |
| TTL: | Chloe Jane Olliver |
| TF Amount: | US $1,466,600 |
| Recipient: | Operation Wallacea Trust |
| Donor: | Canadian International Development Agency (CIDA) |
| Activation Date: | November 15, 2007 |
| Closing Date: | October 31, 2012 |

B. TRUST FUND DEVELOPMENT OBJECTIVES AND DESIGN

1. **Original Trust Fund Development Objectives**

   The objective of this project was "implement the Training and Awareness component of the Kecamatan Development Program in Sulawesi". The Kecamatan Development Program (KDP) was the predecessor to the current National Program for Community Empowerment (PNPM), and an environmental agenda has been progressed under PNPM through the "Green KDP" (now PNPM Green) special project in eight target provinces.

   The Project Development Objective for PNPM Green is to make the utilization of natural resources by rural communities sustainable. The objective is achieved through (i) mainstreaming natural resource management issues in the community-driven development planning process, (ii) increasing environmental awareness and related management capacity of communities and government stakeholders, and (iii) the disbursement of block grants to fund environmentally supportive 'green' projects at the sub-district (kecamatan) and district (kabupaten) level.

   This Trust Fund supported technical assistance provided by the recipient: Operation Wallacea Trust (OWT). The OWT was responsible for delivering environmental awareness-raising and training activities to the pilot’s community beneficiaries and other sub-national stakeholders including local government officials to assist in the design and implementation of viable ‘green’ sub-projects.

   There were no substantive changes made to the Project Development Objective for this Trust Fund. However, the scope was expanded under the 5th Grant Amendment (12 March 2012) to include additional PNPM Green locations that were not receiving awareness raising and training assistance from any Civil Society Organizations (CSOs). As a result, OWT expanded the same set of activities into South Sulawesi.
2. **Original Trust Fund Activities/Components**

The project consisted of the following components and related activities:

(i) **Project management and initial assessment activities** including (a) establishment of coordination mechanisms with KDP coordinators and management consultants to integrate the Project into the existing KDP structure and mechanisms; (b) carrying out of baseline assessment including training needs assessment and environmental overview and solutions in each Participating Kabupaten; and (c) carrying out of monitoring and evaluation activities, and compilation of reports on the progress of the Project for onward transmission to the World Bank.

(ii) **Training** including (a) develop training design and materials for local community leaders at village level, newly appointed ‘green’ KDP facilitators, KDP facilitators, and government officials, including tools for monitoring and evaluation; and (b) deliver the training.

(iii) **Awareness raising** including (a) design and implementation of an awareness raising strategy to address sustainable natural resource use and conservation issues in Participating Kabupaten; (b) carrying out of an awareness media analysis and design of communication themes; and (c) preparation of local newsletters and making use of local billboards and media outlet.

There were no substantive changes to the activities and components for this project.

3. **Outcome Indicators**

The original outcomes performance benchmarks for this project were:

(i) Well trained KDP facilitators and other local KDP stakeholders, who can ignite and facilitate ‘green’ projects within the KDP, not limited to those within KDP-Sulawesi.

(ii) Local community members, including women and children, who are aware of environmental issues and sustainable natural resource decisions that they can participate in.

(iii) Adoption by regional governments of natural resources governance issues as an integral part of the policy development and decision making process; and

(iv) A sustainable capacity among both KDP facilitators and KDP stakeholders of all levels to continue the implementation of locally-driven ‘green’ development investment and to expand its geographic coverage to new areas.

There were no substantive changes to the outcome indicators for this project.

4. **Other Significant Changes in Trust Fund Design**

Significant changes made to this Trust Fund include amendments to expand the scope of activities to include the additional Province of South Sulawesi, an extension to the end date of the activity by two years, and increase funding from US $750,000 to US $1,466,600 to cover the increased time and scale of the Trust Fund activities.
C. OUTCOME

1. **Relevance of TF Objectives, Design and Implementation**

   **Rating - Satisfactory**

   The original Trust Fund objectives, design and implementation remain as relevant today to country and global priorities - and to the Bank’s Country Partnership and Sector Strategies - as they were at the outset of the project. The PNPM program is the flagship program under Cluster 2 of the Government of Indonesia’s poverty reduction strategy. The program empowers villagers to exercise their rights over matters of public interest and to be at the forefront of a locally managed, sustainable development process. Indonesia is pursuing a triple track plus one development strategy: Pro-growth, pro-job, pro-poor, and pro-environment. The National Medium-Term Development Plan (2010 – 2014) recognizes that environmental challenges threaten the sustainable development of the country, and various studies have outlined the opportunity costs to Indonesia of poor management of its natural resource wealth, exacerbated by the costs of climate change. Advancing an environmental agenda under this project has been an essential part of addressing priority poverty alleviation objectives through supporting environmentally sustainable, community-driven development.

   The World Bank’s Country Partnership Strategy (CPS FY2009-2012) for Indonesia has emphasized investing in Indonesia’s institutions for inclusive and sustainable development. In addition to its cross-cutting governance agenda, the CPS identified five thematic areas that informed the core of the Bank’s engagement in Indonesia under this CPS: (a) private sector development; (b) infrastructure; (c) community development and social protection; (d) education; and (e) environmental sustainability and disaster mitigation. This project has continued to address key issues of environmental sustainability and community development in rural villages, as well as alternative income generation and institutional capacity building.

2. **Achievement of TF Development Objective**

   **Rating - Satisfactory**

   The development objective of this Trust Fund was achieved, with the training and awareness raising activities undertaken by OWT leading to program facilitators and other stakeholders proposing and successfully delivering over 2,900 green activities against a target of 2,500. This demonstrates that stakeholders have been able to ignite and facilitate relevant natural resource management (NRM), renewable energy (RE), and income generating activities. OWT has delivered technical assistance to communities to support them to manage the implementation of these activities. OWT has achieved this through the provision of appropriately skilled and qualified facilitators at the kecamatan level. Further, OWT has been actively engaged in the design and implementation of successive waves of pre-service and refresher training for PNPM Green facilitators, as well as the development and delivery of specific training for field stakeholders, for example in Catchment area Protection and Rehabilitation management.

   OWT has produced, disseminated, and implemented a diverse range of Information, Education, Communication (IEC) media including mobile interactive environmental expos with film nights, quizzes, and education packs, schools environment days, village clean up days, relevant technical training manuals, activity factsheets, booklets, campaign billboards, posters, and a bi-monthly online and hard copy magazines. Further, OWT has provided specialized training for community groups on potential green activities. Most impressive has been the array of material on small green enterprises,
and as a result, the number of community enterprises that continue to generate income for program beneficiaries e.g. extensive agro-forestry production for fruit (mango, durian, cashews, nutmeg, rambutan, etc.) and sustainable timber, mangroves for seafood production, handicrafts from waste products, and the production and sale of organic virgin coconut oil, briquettes, organic fertilizer, honey, duck egg, mushroom cultivation, and much more.

OWT has continued to engage effectively with issues of regional governance of NRM through a range of measures and processes including (a) assisting villages to include environmental sustainability in their village development plans (RPJM-Des); (b) supporting villages to develop relevant village regulations and by-laws; (c) supporting the inclusion of village RPJM-Des into regional development plans; and (d) facilitating the inclusion of regional governance actors in the program, for example through including parliamentarians, regional bureaucrats, the media and other decision-makers in field visits, events, training and workshops as appropriate. As a result, OWT have supported communities to successfully pursue a number of line agencies and regional governments, as well as Corporate Social Responsibility programs to fund and manage the replication of green activities in non-program areas (e.g. biogas in Tana Toraja), and to extend the outcomes of activities e.g. eco-tourism investments in Muna District.

OWT have ensured that the national program-implementing unit within the Ministry of Home Affairs has high quality training materials and manuals to be able to scale out the benefits of the program, which they have started to do under the government’s SDA Lestari program.

OWT has maintained a focus on long term sustainability of program outcomes in a number of ways, including: building maintenance strategies into activity implementation such as the development of village regulations on benefit sharing and environmental conservation areas, and marketing and market linkages for income generating activities; linking outcomes and technical assistance to permanent locally managed programs and institutions such as local agricultural colleges and government departments; including PNPM Rural consultants and sub-national government Work Units in activities wherever possible so that they can continue to support green activities; and linked into local green community based organizations and ensured that they have the capacity and skills to support ongoing green outcomes.

3. Efficiency

Rating - Satisfactory

The project was well managed and coordinated, and funds were utilized efficiently by OWT to achieve the program objectives. Given the nature of the activities supported by this Grant, neither economic nor financial rates of return can be computed, but survey data is included in the section below on Development Impact.

The project was completed slightly under budget and within a timeline that was acceptable to the donor and the Bank. Extensions totaling two years were requested and approved by the Bank. These extensions were granted to compliment the extension by the government of Indonesia of the main component of the program – the disbursement of Block Grants to rural communities to undertake green activities.

4. Development Impacts, including those that are Unintended/Unrelated to TF Objectives

Rating - Satisfactory
As is evidenced by the relevance of this Trust Fund, as well as the recipient’s efficiency in achieving the development objectives of the Grant Agreement, OWT has achieved significant development impact through this Trust Fund. An “Evaluation of “Green Sub-Projects” undertaken in 2011 concluded that ‘green’ activity design and implementation practices were enhanced by OWT’s input into the program. A recent analysis of the economic, environmental and social benefits of PNPM Green (Economic and Livelihood Report, 2012) shows that 66% of the almost 1,000 households interviewed for this study said that capacity building endeavors had a positive impact on their involvement in the program. Further, 65% of respondents said that they make use of the skills they acquired during capacity building. OWT was quick to mobilize resources, and has been quick to manage any instances of under-performing staff.

As outlined above, village development planning processes have become more environmentally sustainable as a result of the program, and these have been better supported by village regulations to support environmental protection, rehabilitation, equitable income sharing from investments alternative income activities, and ongoing investment in maintenance of renewable energy. Linkages into regional development plans have also been strengthened. Not only have community resources been mobilized to support program investments, but contributions have also been received by district and line agencies development programs. Particularly impressive has been the increased knowledge base in OWT program areas, which is entrenched in village centers and “practice champions”, in relevant line agencies, and in other local community based organizations and institutions.

OWT has placed high priority on supporting women’s groups to develop and manage numerous green enterprises for income generation such as in waste management and recycling, the production and sale of organics fertilizers, handicrafts made from recycled material, silk weaving, coconut oil, fuel efficient stove briquettes, and a range of food production endeavors such as dried fish and vegetable chips (very popular in Indonesia). This has had a positive impact on income generation in poor rural households.

5. **Overall TF Outcome**

**Overall Rating - Satisfactory (S)**

Overall, the rating for this Trust Fund is satisfactory. This is because OWT continued to deliver activities that contributed to the efficient achievement of the Project Development Objective, leading to a positive development impact. The relevance of the Trust Fund objective has increased, if anything, over the time of the Trust Fund.

**D. Risk to Development Outcome**

1. **Follow-On Results and/or Investment Activities**

Grant Funds are being sought for a follow on activity, the objective of which is to progress environmental sustainability across the PNPM Rural program in an integrated and measurable manner i.e. to mainstream the outcomes of the PNPM Green pilot across the PNPM Rural program. Central to the follow on activity will be to support the provision of supplementary, specialist environmental technical assistance to rural communities and sub-national stakeholders, much as OWT has done under this Trust Fund. This project has provided good lessons and models for delivering the supplementary technical assistance proposed for the follow on activity and therefore will assist in garnering support for the follow on activity.
2. **Replicability**

Rating - Satisfactory (S)

This Trust Fund demonstrated that specialized, sector-based technical assistance can be provided to communities through appropriate CSOs and can supplement PNPM Rural facilitators to support the achievement of sector-specific outcomes.

This Trust Fund has also demonstrated that the provision of awareness raising and sector-specific training can inspire and support sustainable investments in relevant activities by communities. This is particularly relevant for the future of PNPM Rural and CDD programs more broadly as they continue to evolve and incorporate multi-sectoral outcomes. This is important in a context where small-scale infrastructure has traditionally dominated these program outcomes.

3. **Overall Risk to Development Outcome**

Rating - Moderate

It is likely that income generating outcomes will be sustained for considerable periods of time as it is in the interests of communities to keep these running because of the immediate and tangible returns. This is also true of NRM activities that will generate medium to longer term incomes such as commercial tree and mangrove planting activities (mangrove rehabilitation has increased fish and crab yields).

For Renewable Energy investments, it is clear that communities who have electricity for the first time highly value it, and even more so when they understand the cost savings involved in renewable sources compared to being connected to the grid.

For some tree planting and ecosystem services activities, it is not clear to what extent these will be sustained beyond the project cycle as it appears they these sorts of activities have sometimes been treated as “cash for work” schemes by communities. However, where communities are able to articulate the cost benefits that investments in ecosystem services bring in terms of disaster mitigation - especially communities that have lost much in storm surge, erosion, landslide and other disasters resulting from degraded environmental services – these investments are likely to be sustained.

Other risks to development outcome include changing political priorities and decreased political commitments to environmental sustainability. However, OWT systematically included regional political stakeholders and other decision-makers in the program wherever possible, and has ensured that these leaders understand the legitimacy gains that they gain with communities by supporting green village development initiatives.

Technical capacity could pose a risk to sustainability of development outcomes for some activities, however, OWT has specifically invested in local “champions” and centers of learning and knowledge sharing to mitigate this risk. For example, OWT has developed demonstration plots that are managed and utilized by local organizations to increase local knowledge. Also, OWT utilized local
“champions” as trainers to ensure that expertise remain in communities after the program ends. OWT has supported the creation of local “self-help” groups that can champion “smart practices”.

As with all environmental programs, outcomes are often at risk of natural disasters, a frequent occurrence throughout Indonesia. These risks are often known by communities before they invest in programs and are therefore factored into decision-making at the outset.

E. PERFORMANCE

1. Bank

Rating – Moderately unsatisfactory (MU)

Bank performance was moderately unsatisfactory, in part because this program has had a number of different TTLs over its lifetime which led to incremental changes in the concept of the program, and for this recipient, changes in the way performance indicators were tracked and reported on, with the reporting template being changed in mid-2011. These changes did better link CSO reporting to the overall PNPM Green Project Development Objective, but posed challenges for the Recipient in terms of consistency of progress tracking and reporting. Despite this, good leadership within the CSO has allowed them to continue to achieve program outcomes based on a clear vision of what was needed and possible, and how this could be achieved.

An ongoing challenge for the Bank has been a lack of strategic cohesion, although this is not entirely negative given that PNPM Green was piloting a number of approaches. When the concept of addressing the environment through PNPM was first mooted the team looked at ways of integrating environmental objectives through the PNPM Rural program. For a number of reasons, but in particular due to the administrative complexities and management capacity weaknesses of PNPM Rural, the environment pilot has ultimately replicated many of the PNPM Rural structures and processes rather than being integrated into them.

The lack of strategic cohesion has led to changes in the way OWT was asked to track and report on performance indicators. However, the Bank did undertake an Implementation Supervision Mission in mid-2011 together with both CSOs during which various changes were collaboratively developed and tested, the results of which were subsequently implemented by the CSO.

No quantitative targets were set for OWT which clearly hampers the ability to demonstrate results. Although a baseline study for PNPM Green (not just this Trust Fund) was conducted, it was deemed inadequate very soon after it was completed. No subsequent baseline study was undertaken.

The Bank did not manage the start up and project closing very well. OWT was mobilized in the field to support the communities to manage activities funded by Block Grants a good 18 months before the funding actually arrived in the communities. Eight months before the end of this Trust Fund, an expansion into South Sulawesi was approved on the assumption that GoI would extend PNPM Green to December 2013. When this extension did not occur, OWT had to cut their work plan in a very short period of time, and are in fact investing their own funds to ensure a smoother exit from south Sulawesi because this Trust Fund is fully disbursed.

Finally, there have not been sufficient field missions over the life of the program to verify the outcomes and activities reporting on by the Recipient. This issue was raised in a number of aide-mémoires.

2. Recipient
Rating - Satisfactory (S)

The recipient met most expectations with regards to project execution and reporting, and Recipient performance was satisfactory when the above Bank performance situation is taken into account. Detailed reports on the Recipient’s activities were provided every three months throughout the duration of the program. OWT was very supportive in field missions and responded quickly to any recommendations from Aide Memoire and Back to Office Reports.

F. LESSONS LEARNED / RECOMMENDATIONS

The success of community driven development initiatives funded across the PNPM portfolio is highly dependent on the quality of facilitation of those communities, an issue that is routinely raised in progress and outcomes reporting. An issue for the future of PNPM is how to become more integrated as a program, but also support multi-sectoral outcomes, the technical assistance for which may be best provided through alternative channels, such as specialized CSOs. A review has been commissioned to further assess and analyze the experience of using CSOs as sector-specific supplementary facilitation / technical assistance through PNPM Green. This study will provide recommendations to inform future sector-specific facilitation support across the entire PNPM Rural program, including in the environment.

One concern has been a lack of clarity of the respective roles and responsibilities of CSO facilitators and government contracted facilitators. OWT did take on roles that should have been undertaken by government facilitators at times, and although this was well intentioned and caused by high levels of vacancies, etc., it led to overlap in other areas and a limit to how much the PNPM facilitators were held to account to fulfill their roles. Important in the future will be the development of distinct roles for government and supplementary facilitators, and managing these to fulfill their roles.

Another lesson – although not surprising – is that the sustainability of outcomes has been greatest when clearly linked to income generation or cost savings. Sustainable small green business development was a particular success, as was tree planting on private land. However, ecosystem protection and rehabilitation programs were seemingly treated more as “cash for work” programs, and the long term sustainability of these activities is unclear and the subject of a study planned for early 2013 (Tree Planting Survey). It is recommended that small green enterprise development remain a high priority in the follow on activity.
IMPLEMENTATION COMPLETION MEMORANDUM (ICM)

A. BASIC TRUST FUND INFORMATION

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<tr>
<th>TF Name:</th>
<th>Support Facility for the National Program for Community Development (PNPM) Environmental Pilot Project - 'Green' PNPM</th>
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<td>TF Number:</td>
<td>TF096887</td>
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<tr>
<td>TTL:</td>
<td>Chloe Jane Olliver</td>
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<tr>
<td>TF Amount:</td>
<td>US $2,295,400</td>
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<td>Recipient:</td>
<td>Wildlife Conservation Society</td>
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<td>Donor(s):</td>
<td>Danish International Development Agency (DANIDA), The Netherlands, and the Australian Agency for International Development (AusAID)</td>
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<td>Activation Date:</td>
<td>June 28, 2010</td>
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<td>Closing Date:</td>
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B. TRUST FUND DEVELOPMENT OBJECTIVES AND DESIGN

1. Original Trust Fund Development Objectives

The objective of the Project is “to support the implementation of Green PNPM by delivering environmental awareness raising and training activities designed to improve rural livelihoods while simultaneously benefiting the environment, wildlife and wild habitats in the Project areas”, i.e. Sumatra. The project development objective for PNPM Green was to make the utilization of natural resources by rural communities sustainable. The objective was achieved through (i) mainstreaming NRM issues in the community-driven development planning process, (ii) increasing environmental awareness and related management capacity of communities and government stakeholders, and (iii) the disbursement of block grants to fund environmentally supportive 'green' projects at the sub-district (kecamatan) and district (kabupaten) level.

This Trust Fund supported technical assistance provided by the recipient, Wildlife Conservation Society (WCS), to deliver environmental awareness raising and training activities to the pilot’s community beneficiaries and local government officials under component two above.

There were no changes to the development objective for this project.

2. Original Trust Fund Activities/Components

The project consists of the following components and related activities:

(i) Project management and initial assessment activities, including activities to (a) hold a Project inception workshop for all collaborating Project Partners to agree on standardized strategies for communication and coordination; (b) establish Project bases in each of the Project Provinces which will be responsible for activity coordination within each Project Kabupaten and Project Kecamatan;
(c) establish coordination mechanisms with Project Staff Members, PNPM Management Consultants, and PNPM Green Facilitators, and PNPM Verification Teams at the provincial, Kabupaten, and Kecamatan levels; (d) identify potential local NGO/CBOs to assist in extending training and environmental awareness raising activities to the village level. Once identified, award and supervise Project Sub-Grants to NGOs/CBOs qualifying as Project Sub-Grantees to implement specific activities to support Green PNPM in Project Kabupaten, Project Kecamatan, and Project Villages; (e) conduct Knowledge, Attitude and Practices (KAP) survey of PNPM Participating Communities and Project Partners on natural resource use and conservation needs throughout the Project Provinces; (f) conduct training needs assessments of all Project Partners at Project Province, Project Kabupaten, Project Kecamatan, and Project Village levels; (g) identify and establish network of volunteers in each Project Province and mobilize the network to Kecamatan level; and (h) on a quarterly basis, produce progress and activity reports of Project.

(ii) Capacity Building / Training, including activities to (a) develop training modules based on initial assessments and tailored to the specific needs of individual Project Partners. Provide thematic and technically specific training to Project Partners, as required; (b) hold training sessions for PNPM Green Facilitators at the Provincial level and Kabupaten level; (c) assist PNPM Green Facilitators in delivering Green PNPM socialization activities within Project Villages, describing possible options for PNPM Sub-Project proposals; (d) utilizing Project Staff Members and volunteers, assist Green Facilitators and PNPM Participating Communities to develop PNPM Sub-Project proposals for PNPM Block Grant funding, and as needed provide technical assistance in implementation; and (e) adjust and adopt verification tools for PNPM Verification Teams.

(iii) Awareness Raising, including activities to (a) design and implement environmental awareness raising strategy for Project Sub-Grantees which addresses sustainable natural resources management and integrates environmental issues with other existing activities in PNPM; (b) Conduct media analysis and design communication themes (parallel to KAP survey); (c) Develop and implement standard awareness raising modules for use by Project Sub-Grantees at Project Province, Project Kabupaten and Project Kecamatan levels; (d) work with PNPM Block Grant recipients to develop demonstration plots and information centers at the Project Kabupaten and Project Kecamatan levels; and (e) document, develop and disseminate best practices models of livelihood/natural resource use activities to areas participating in Green PNPM, and propose strategies for mainstreaming those practices into PNPM.

(iv) Monitoring & Evaluation, including activities to (a) monitor and evaluate Project-produced training modules, materials and other initiatives and awareness raising and media promotion activities; and (b) develop PNPM Sub-Grant project tracking/monitoring methods; monitor the uptake of PNPM Sub-Project proposals produced by PNPM Participating Communities; and evaluate the impact of PNPM Sub-Projects implemented by those PNPM Participating Communities who received environmental awareness and training through this Project.

There were no changes to the project components / activities.

3. Outcome Indicators

The original indicators for the performance of outcomes for this project were:

(i) Well trained PNPM Green Facilitators and other Project Partners who can sustain the capacity to ignite and facilitate the implementation of Green PNPM Sub-Projects, throughout the Project Provinces, Project Kabupaten and Project Kecamatan and in other areas where PNPM is operational.
(ii) A functioning communication network established among local and international NGOs/CSOs, PNPM Participating Communities, and other Project Partners throughout the Project Provinces to share and effectively disseminate information on environmental and natural resource management issues in support of PNPM.

(iii) Increased number of PNPM Participating Community members, including women and children, which are aware of environmental issues and the sustainable natural resource management decision-making procedures in which they can participate in.

(iv) Increased number of local government institutions adopting natural resources governance issues as an integral part of the policy development and decision making process.

There were no changes to the outcome indicators for this project

4. **Other Significant Changes in Trust Fund Design**

There were no amendments or extensions to this Trust Fund.

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### C. OUTCOME

1. **Relevance of Trust Fund Objectives, Design and Implementation**

**Rating - Satisfactory**

The original Trust Fund objectives, design and implementation remain as relevant today to country and global priorities, as well as the Bank’s Country Partnership and Sector Strategies as they were at the outset of the project. The PNPM program is the flagship program under Cluster 2 of the Government of Indonesia’s poverty reduction strategy. The program empowers villagers to exercise their rights over matters of public interest and to be at the forefront of a locally managed, sustainable development process. Indonesia is pursuing a triple track plus one development strategy: Pro-growth, pro-job, pro-poor, and pro-environment. The National Medium-Term Development Plan (2010 – 2014) recognizes that environmental challenges threaten the sustainable development of the country, and various studies have outlined the opportunity costs to Indonesia of poor management of its natural resource wealth, exacerbated by the costs of climate change. Advancing an environmental agenda within PNPM Green under this project has been an essential part of addressing priority poverty alleviation through environmentally sustainable community development.

World Bank’s Country Partnership Strategy (CPS FY2009-2012) for Indonesia emphasizes investing in Indonesia’s institutions for inclusive and sustainable development. In addition to its cross-cutting governance agenda, the CPS identifies five thematic areas that form the core of the Bank’s engagement in Indonesia: (a) private sector development; (b) infrastructure; (c) community development and social protection; (d) education; and (e) environmental sustainability and disaster mitigation. This project has continued to address key issues of environmental sustainability and community development in rural villages, as well as alternative income generation and institutional capacity building. This project has complimented a range of programs being undertaken by the Bank in the environment sector.

2. **Achievement of Trust Fund Development Objective**

**Rating - Satisfactory**
The development objective of this trust fund was achieved, with the training and awareness raising activities undertaken by WCS leading to program facilitators and other stakeholders proposing and successfully implementing over 2,900 “green” projects across the program. It is clear that lessons were learned from the previous two years of PNPM Green funded activities in Sulawesi and adapted to improve program outcomes in Sumatra. For example, WCS focused intensively on increasing the quality of village development planning from the outset in Sumatera, having learned of the long term benefits of this in Sulawesi. Further, WCS facilitated champions from Sulawesi to undertake peer-to-peer learning with community stakeholders in Sumatera.

The WCS delivered basic and refresher training to PNPM Green facilitators, and supported rural communities to develop and manage demonstration plots for a diverse range of environmental and income generating activities, which has resulted in local community members, including women and children, increasing their awareness and understanding of environmental issues and sustainable natural resource decisions. Based on their increased understanding, community members participated in village meetings to propose “green” activities, which were then funded through other components of PNPM Green. There was a clear correlation between the range of demonstration plots established by WCS and the increasingly diverse range of environmental activities proposed and implemented by participating communities, demonstrating the effectiveness of these demonstration plots.

WCS adapted capacity building approaches to better suit adult learning and on-the-job training, and developed increasingly more advances training materials for PNPM Green facilitators and other stakeholders as they gained more skills and experience over the years of the program. Further, they effectively integrated capacity building into existing government and community structures and events.

3. **Efficiency**

**Rating - Satisfactory**

The project was well managed and coordinated and the funds were utilized efficiently to achieve the objective. Given the nature of the activities supported by the Grant, neither economic nor financial rates of return can be computed, but survey data is included in the section below on Development Impact.

4. **Development Impacts, including those that are Unintended / Unrelated to TF Objectives**

**Rating - Satisfactory**

As is evidenced by the relevance of this Trust Fund, as well as the recipient’s efficiency in achieving the development objectives of the Grant Agreement, WCS has achieved significant development impact through this Trust Fund. A recent analysis of the economic, environmental and social benefits of PNPM Green (Economic and Livelihood Report, 2012) shows that 66% of the almost 1,000 households interviewed for this study said that capacity building endeavors had a positive impact on their involvement in the program. Further, 65% of respondents said that they make use of the skills they acquired during capacity building. WCS worked with a broader consortium of local civil society organizations from the outset was quick to manage instances of under-performing partner organizations.
As outlined above, village development planning processes have become more environmentally sustainable as a result of the program, and these have been better supported by village regulations to support environmental protection, rehabilitation, equitable income sharing from investments alternative income activities, and ongoing investment in maintenance of renewable energy. Linkages into regional development plans have also been strengthened. WCS has facilitated the mobilization of significant community resources to support program investments, but contributions have also been received by district and line agencies development programs. It is clear that sub-national government and communities are funding the replication of WCS demonstration activities using their own funds in non-target locations.

Finally, and particularly impressive has been the increased participation of women in the program that WCS has facilitated, with WCS providing gender disaggregated data for program activity and outcomes.

5. **Overall Trust Fund Outcome**

Rating - Satisfactory

Overall, the rating for this Trust Fund is satisfactory. This is because WCS continued to deliver activities that contributed to the efficient achievement of the Project Development Objective, leading to a positive development impact. The relevance of the Trust Fund objective has increased, if anything, over the time of the Trust Fund.

D. **Risk to Development Outcome**

1. **Follow-On Results and/or Investment Activities**

Grant Funds are being sought for follow up activities, the objectives of which will be to progress environmental sustainability across the PNPM Rural program in an integrated and measurable manner i.e. to mainstream the outcomes of the PNPM Green pilot across the umbrella PNPM rural program. Central to the follow on activity will be to support the provision of supplementary, specialist environmental technical assistance to rural communities and sub-national stakeholders, much as WCS has done under this Trust Fund. This project has provided significant good lessons and models for delivering the supplementary technical assistance proposed for the follow on activity and therefore will assist in garnering support for the follow on activity.

Activity/Investment:

___ Recipient/Other Investment; _X_ Grant Project/Program; __ Bank Project; __ IFC Financial Project/Activity

2. **Replicability**

Rating - Satisfactory (S)

This Trust Fund demonstrated that specialized, sector-based technical assistance can be provided to communities through appropriate CSOs and can supplement PNPM Rural facilitators to support the achievement of sector-specific outcomes.

This Trust Fund has also demonstrated that the provision of awareness raising and sector-specific training can inspire and support sustainable investments in relevant activities by communities. This
is particularly relevant for the future of PNPM Rural and CDD programs more broadly as they continue to evolve and incorporate multi-sectoral outcomes. This is important in a context where small-scale infrastructure has traditionally dominated these program outcomes.

3. Overall Risk to Development Outcome

Rating - Moderate

It is likely that income generating outcomes will be sustained for considerable periods of time as it is in the interests of communities to keep these running because of the immediate and tangible returns. This is also true of NRM activities that will generate medium to longer term incomes such as commercial tree and mangrove planting activities (mangrove rehabilitation has increased fish and crab yields).

For Renewable Energy investments, it is clear that communities who have electricity for the first time highly value it, and even more so when they understand the cost savings involved in renewable sources compared to being connected to the grid.

For some tree planting and ecosystem services activities, it is not clear to what extent these will be sustained beyond the project cycle as it appears they these sorts of activities have sometimes been treated as “cash for work” schemes by communities. However, where communities are able to articulate the cost benefits that investments in ecosystem services bring in terms of disaster mitigation - especially communities that have lost much in storm surge, erosion, landslide and other disasters resulting from degraded environmental services – these investments are likely to be sustained.

Other risks to development outcome include changing political priorities and decreased political commitments to environmental sustainability. However, WCS has been quick to include regional political stakeholders and other decision-makers in the program wherever possible, and has ensured that these leaders understand the legitimacy gains that they gain with communities by supporting green village development initiatives.

As with all environmental programs, outcomes are often at risk of natural disasters, a frequent occurrence throughout Indonesia. These risks are often known by communities before they invest in programs and are therefore factored into decision-making at the outset.

E. PERFORMANCE

1. Performance of the Bank

Rating – Moderately unsatisfactory (MU)

Bank performance was moderately unsatisfactory, in part because this program has had a number of different TTLs over its lifetime which led to incremental changes in the concept of the program, and for this recipient, changes in the way performance indicators were tracked and reported on, with the reporting template being changed in mid-2011. These changes did better link CSO reporting to the overall PNPM Green Project Development Objective, but posed challenges for the Recipient in terms of consistency of progress tracking and reporting. The ultimate success of the Trust fund is a credit to the management within the CSO, which continued to implement activities in the field in their interpretation of what was necessary and possible, in line with the Project Development Objective.
An ongoing challenge for the Bank has been a lack of strategic cohesion, although this is not entirely negative given that PNPM Green was piloting a number of approaches. When the concept of addressing the environment through PNPM was first mooted the team looked at ways of integrating environmental objectives through the PNPM Rural program. For a number of reasons, but in particular due to the administrative complexities and management capacity weaknesses of PNPM Rural, the environment pilot has ultimately replicated many of the PNPM Rural structures and processes rather than being integrated into them.

The lack of strategic cohesion has led to changes in the way WCS was asked to track and report on performance indicators. However, the Bank did undertake an Implementation Supervision Mission in mid-2011 together with both CSOs during which various changes were collaboratively developed and tested, the results of which were subsequently implemented by the CSO.

Finally, there have not been sufficient field missions over the life of the program to verify the outcomes and activities reporting by the Recipient. This issue was raised in a number of Aide Memoire.

2. Performance of the Recipient

Rating - Satisfactory (S)

The recipient met most expectations with regards to project execution and reporting, and Recipient performance was satisfactory when the above Bank performance situation is taken into account.

One issue that hampered WCS’s performance was the expiry of their Memorandum of Understanding with GoI, which meant that the Bank could not legally disburse to them for around 18 months in the middle of the project. This affected implementation and disbursement rates for this Trust Fund. WCS has been late to submit some IFRs and did not always complete audits on time.

Detailed reports on the Recipient’s activities were provided every three months throughout the duration of the program. WCS was very supportive in field missions and responded quickly to any recommendations from aide-mémoire and Back to Office Reports.

F. LESSONS LEARNED / RECOMMENDATIONS

The success of community driven development initiatives funded across the PNPM portfolio is highly dependent on the quality of facilitation of those communities, an issue that is routinely raised in progress and outcomes reporting. An issue for the future of PNPM is how to become more integrated as a program, but also support multi-sectoral outcomes, the technical assistance for which may be best provided through alternative channels, such as specialized CSOs. A review has been commissioned to further assess and analyze the experience of using CSOs as sector-specific supplementary facilitation / technical assistance through PNPM Green. By utilizing a thematic approach to their support, and using a cascade model of delivering technical assistance through local partner organizations, WCS has provided yet another model of providing supplementary, sector-specific field facilitation. This study will provide recommendations to inform future sector-specific facilitation support across the entire PNPM Rural program, including in the environment. It will be particularly important to ascertain how much quality assurance and oversight was provided and is needed by the “umbrella” CSO in such a model,
By taking a thematic approach to their support in North Sulawesi, WCS was able to identify local potential and take up opportunities as they arose. Further, they were able to utilize their comparative advantage in particular issues, such as through the provision of highly technically competent assistance to communities. However, this may have left gaps in communities who had green development potential but that this potential did not necessarily fit with WCS’ areas of expertise. At times, it appeared that WCS was uncertain of the activities undertaken in a range of villages, but had deep technical understanding of the activities in other areas.
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