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PROGRESS REPORT 2010

ENHANCING COMMUNITY RESILIENCE FOR A SELF SUSTAINING FUTURE





1 A batik maker in Gunting village, Bantul district, Yogyakarta hangs a recently finished batik in his backyard. Rinsing the fabric to remove residual colors and wax is the last step in batik making prior to drying the final product (Photo from GTZ collection)

2 A farmer harvesting rice in Mertelu village, Gunungkidul district, Yogyakarta. Farmers in this village use organic fertilizers produced locally (Photo from GTZ collection)

3 *Ibu* Sarini a member of the Tenun Sari group posing at her wooden loom, Grogol village, Sukoharjo district, Central Java Province (Photo from GTZ collection)

4 A man drying newly dyed thread. This thread is used to weave traditional *lurik* cloth (Photo from GTZ collection)

5 Although physically handicapped, Siti Asih from Grogol village, Sukoharjo district, Central Java Province is able to support her family by spooling the thread used to weave traditional *lurik* cloth (Photo from GTZ collection)



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JRF Office Jakarta

Indonesia Stock Exchange Building, Tower I, 9th Floor
Jl. Jend. Sudirman Kav. 52-53
Jakarta 12910 Indonesia
Tel: (+6221) 5229-3000
Fax: (+6221) 5229-3111
www.javareconstructionfund.org

Printed in 2010

This is the fourth annual public report produced by the JRF Secretariat and covers the reporting period from April 1, 2009 to June 30, 2010.

Acknowledgements

This report was prepared by the Secretariat of the Java Reconstruction Fund with contributions from the Partner Agency (the World Bank) as well as project teams.

The Java Reconstruction Fund Secretariat is led by the JRF Manager, Shamima Khan, with team members: Sarosh Khan, Anita Kendrick, Heri Wahyudi, Lina Lo, Puni Ayu Indrayanto and Shaun Parker.

The team is supported by Inge Susilo, Olga Lambey and Rachmawati Swandari.

Contributing Writers: Simon Gladman (IOM), Jullya Vignesvhara (GTZ), Punto Wijayanto (CSRRP/Rekompak), and Didit Ahendra (CSRRP/Rekompak)

Design & Layout: BYBWN

Printer: PT Lumbung Kencana Makmur

List of Acronyms and Abbreviations	3
Joint Remarks from JRF Co-Chairs	4
Executive Summary: Four Years of JRF Support for the Recovery of Java	6
• The JRF Portfolio: Achieving Significant Results	7
Recovery of Housing and Community Infrastructure	8
Livelihoods Recovery Projects	8
• JRF Operations and Finance	9
• Looking Ahead to Resilient and Self-Sustaining Communities	11
Chapter 1: Contributing to the Coordinated Recovery Efforts in Java	12
• Extending JRF Operations to Increase Impact	14
• Enhancing Stakeholder Engagement through Communications	15
Chapter 2: The JRF Portfolio - Helping to Restore Homes, Communities and Livelihoods	22
• Portfolio Performance: Achieving Significant Results Four Years After the Earthquake	24
1. Recovery of Housing and Community Infrastructure	25
2. Recovery of Livelihoods	28
Chapter 3: Managing JRF Finances	34
• Allocations and Disbursements to Projects	35
• Expenditures	36
• Financial Outlook	37
Chapter 4: Looking Ahead to Resilient and Self-Sustaining Communities	40
Annexes: Project Portfolio & Map of JRF-Funded Activities	46
• Fact Sheet 1: Transitional Housing Projects	47
• Fact Sheet 2: Community-Based Settlement Rehabilitation and Reconstruction Project (CSRRP)	49
• Fact Sheet 3: Livelihood Recovery in DIY and Central Java (JRF Livelihood Recovery—GTZ)	52
• Fact Sheet 4: Access to Finance and Capacity Building for Earthquake Affected Micro and Small Enterprises (JRF Livelihoods Recovery—IOM)	55
• Map of JRF-Funded Activities in Central Java, Yogyakarta and West Java	58

Feature Stories

1. Four Years After the Earthquake and Tsunami: Local Governments Look Forward to Sustaining JRF Investments into the Future	18
2. Four Years After the Earthquake: Kotagede Ready to Share its Past and Embrace the Future	20
3. Village Promotion Teams Support Livelihood Recovery through Expanding Market Access	30
4. Women of Grogol village: Weaving a Better Future with Support from the JRF-GTZ Livelihoods Recovery Project	32
5. JRF-GTZ Microfinance Loan Mechanism Saves Small and Micro Business Owners	38
6. Contributing to the Community Through Community Settlement Planning in West Java	44

List of Tables

• Table 2.1: Implementation Period of JRF Funded Projects	25
• Table 3.1: Sources of Pledges and Cash	35
• Table 3.2: Disbursements to Projects as of June 30, 2010	36

List of Acronyms and Abbreviations

BAPPENAS	National Development Planning Agency
BMT	<i>Baitul Mal wat Tamwil</i> (a microfinance institution operating at the village level)
BPBD	Provincial Disaster Risk Management Agency
BPR	<i>Bank Perkreditan Rakyat</i>
BUKP	<i>Badan Usaha Kredit Pedesaan</i> (Rural Credit Board)
CHF	Cooperative Housing Foundation
CSO	Civil Society Organization
CSP	Community Settlement Plan
CSRRP	Community-Based Settlement Rehabilitation and Reconstruction Project (also REKOMPAK)
DIY	Yogyakarta Special Region
DLA	Damage and Loss Assessment
DRR	Disaster Risk Reduction
EU	European Union
GMU	Gadjah Mada University
Gol	Government of Indonesia
GTZ	<i>Gesellschaft für Technische Zusammenarbeit GmbH</i> (German Technical Assistance Agency)
IDR	Indonesian <i>Rupiah</i> (currency)
IOM	International Organization for Migration
JRF	Java Reconstruction Fund
LRP	Livelihood Recovery Project
KADIN	Indonesian Chamber of Commerce and Industry
m ²	Meters squared (measurement of surface area)
MFI	Microfinance Institution
MPW	Ministry of Public Works
MSE	Micro and Small Enterprises
MSME	Micro, Small, and Medium sized Enterprises
MTR	Mid Term Review
NGO	Non Government Organization
OPKP	<i>Organisasi Pelestarian Kawasan Pusaka</i> (Heritage Area Conservation Organization)
PNM	<i>PT Permodalan Nasional Madani</i> (An Indonesian state-owned Bank)
REKOMPAK	Community-Based Settlement Rehabilitation and Reconstruction Project (also CSRRP)
SME	Small and Medium Enterprises
TA	Technical Assistance
TRC	Technical Review Committee
TTN	<i>Tim Teknis Nasional</i> (National Technical Team)
UN	United Nations
VPT	Village Promotion Team

JOINT REMARKS FROM JRF CO-CHAIRS



↑ Indonesian government and donor representatives during the JRF Steering Committee Meeting held on May 11, 2010. This meeting highlighted the importance of focusing on wrapping up activities and ensuring exit strategies and plans for the sustainability of programs are in place.

(Photo from JRF Secretariat Collection)

We have come a long way since the earthquakes and tsunami of May 27 and July 17, 2006, which struck the island of Java and shattered the lives of people in three provinces -- Central Java, Yogyakarta and West Java. More than 6,200 people perished on those fateful days and nearly 300,000 houses were damaged and uninhabitable.

Today, only few traces of those devastating events remain. Communities have settled into their earthquake resistant houses; community infrastructure and basic services have been restored; and the livelihoods of affected people are well on their way to recovery. In the past four years we have come to witness the extraordinary resilience, resourcefulness, and determination of the people of Central Java, Yogyakarta and West Java in rebuilding their lives – and for that we salute you.



”In the past four years we have come to witness the extraordinary resilience, resourcefulness, and determination of the people of Central Java, Yogyakarta and West Java in rebuilding their lives – and for that we salute you.”

Following the completion of housing reconstruction, the Java Reconstruction Fund (JRF) is entering its last implementation phase. Activities are now focusing more on recovery of livelihoods and mainstreaming of Disaster Risk Reduction (DRR) through the Community Settlement Planning (CSP) process. We are pleased that these projects are currently progressing well and showing positive results. The CSP process continues through the Ministry of Public Works while the livelihoods projects are being implemented by our partners the International Organization for Migration (IOM) and *Deutsche Gesellschaft für Technische Zusammenarbeit* (GTZ). We are pleased that these projects are currently progressing well and showing positive results. IOM has been assisting more than 3,000 micro and small enterprises in 18 villages, of which nearly 49% are women. Meanwhile, the GTZ project is making progress towards its aim to assist 10,000 micro and small enterprises through access to finance and technical assistance.

The JRF has been recognized as an efficient and effective financing facility for post disaster rehabilitation and reconstruction and a model for applying lessons learned from recovery efforts in Aceh. The impact of these has been demonstrated by the speed, effectiveness and quality of the post-earthquake response and recovery in Java. The consolidated and concerted efforts between the international donor community, central government, local governments, implementing agencies, and affected communities have ensured that projects are well targeted and delivered in line with the community needs and government priorities.

We also believe that the quick response from the local governments and the adoption of a community based approach for the overall reconstruction programs in Yogyakarta and Central Java, which fits well with the local Javanese wisdom of *'gotong royong,'* or working collectively, contributed to the success of JRF and earned the reputation as the fastest post-disaster recovery in the world.

Given the closing date of December 2011, JRF will ensure that sustainability is attained through development of proper exit strategies. These efforts will ensure that project investments, including the knowledge and lessons learned during implementation period, are properly transferred and carried on by local governments to bring maximum benefits to the targeted communities.

Max H. Pohan
Deputy Minister
Regional Development and
Local Autonomy Affairs
BAPPENAS

Chris Hoban
Deputy Country Director
The World Bank

Julian Wilson
Head of Delegation
European Union

EXECUTIVE SUMMARY: FOUR YEARS OF JRF SUPPORT FOR THE RECOVERY OF JAVA



← The JRF housing project is now focusing on the development of Community Settlement Plans (CSPs) and infrastructure reconstruction incorporating disaster preparedness strategies. Shown here is an evacuation route in Karang Jaladri village, in Ciamis district, West Java province, as an example of the type of projects that have been identified through this community driven process.

(Photo from CSRRP Collection)

→ An irrigation system serving 127 families in Kebon village, Klaten district, Central Java province, built through the JRF's Livelihood Recovery project implemented by IOM. Four years after the disasters in 2006, JRF has achieved substantial results in the reconstruction of communities and the rehabilitation of livelihoods. Portfolio progress is good, with projects on track to meet their objectives by their closing dates.

(Photo from IOM Collection)

The earthquake of May 27, 2006, which struck near the historic Javanese city of Yogyakarta, resulted in an estimated US\$3.1 billion in damage and losses. Worst hit by the earthquake were the districts of Bantul in the Yogyakarta Special Region (DIY) and Klaten in the province of Central Java. In July 2006, a tsunami hit the southern coast of West Java province, causing further significant damage.

Besides considerable damage caused to houses and infrastructure, the economy of the affected areas was also greatly impacted. Approximately 250,000 houses were destroyed or severely damaged, according to the assessment carried out by the National Technical Team (TTN) at closure in 2008.¹ The economic impact of the 2006 earthquake was particularly heavy due to the large number of home-based industries in Yogyakarta and Central Java. An estimated 650,000 workers and 30,000 businesses were affected by the earthquake, with approximately 90% of damage and losses in the private sector related to small and medium enterprises.

1 Tim Teknis Nasional: Laporan Akhir Pelaksanaan Tugas, June 2008.



The Java Reconstruction Fund (JRF), with contributions from seven donors totaling US\$94.1 million, was established to support the Government of Indonesia's (GoI's) recovery efforts in DIY, Central Java and West Java. The World Bank serves as Trustee of the JRF, and the fund is governed by a Steering Committee made up of representatives of the Government and donors. A Secretariat supports the Steering Committee and Trustee in administering the JRF.

The JRF Portfolio: Achieving Significant Results

Responding to Government priorities, the JRF has focused support on the rebuilding of housing and community infrastructure and recovery of livelihoods. A total of US\$73.9 million has been allocated to the reconstruction and rehabilitation of housing and community infrastructure in the affected areas, with US\$15.2 million committed to the recovery of livelihoods. Increasing communities' preparedness for possible disasters in the future is also a theme that runs across these two focus areas. The agreed strategy of the JRF, based on Government priorities and availability of funds, was to sequence assistance to first meet immediate housing recovery needs and subsequently to address economic recovery.

Four years after the disasters of 2006, substantial results have been achieved in the reconstruction of communities and the rehabilitation of livelihoods. The JRF portfolio progress is good with housing reconstruction completed and projects on track to meet their objectives by their closing dates. Currently the JRF has three active projects: the Community-Based Settlement Reconstruction and Rehabilitation Project (CSRRP) which provides housings and community infrastructures, and two projects focused on the recovery of livelihoods which are being implemented by the International Organization for Migration (IOM) and the *Deutsche Gesellschaft für Technische Zusammenarbeit* (GTZ). Two early projects providing transitional housing closed on schedule in 2007, having completed their objectives.



Recovery of Housing and Community Infrastructure

The JRF made an early commitment to the reconstruction of housing in response to the Gol's priorities, and has successfully met its targets. The CSRRP completed its housing component by 2008, providing over 15,000 seismic-resistant core houses to beneficiary households, with an occupancy rate of 99%. The JRF also provided a total of almost 7,300 transitional shelters, providing safe and durable housing while permanent houses were being constructed. Of these, 4,790 transitional shelters were delivered to beneficiaries through the two transitional housing projects implemented by IOM and the Cooperative Housing Foundation (CHF), with an additional 2,489 transitional shelter units provided under CSRRP. The JRF Mid Term Review concluded that the transitional shelter projects were highly relevant for the initial phase of reconstruction, covering a critical gap in meeting immediate housing needs.

The successful community-driven approach in housing reconstruction used in Aceh was replicated in Java for all housing reconstruction financed by the Gol and the JRF. The community planning and decision-making process used by CSRRP has led to greater accountability, community ownership and beneficiary satisfaction.

The JRF housing project is now focusing on the development of Community Settlement Plans (CSPs) and infrastructure reconstruction, incorporating disaster preparedness strategies.

Community Settlement Plans are being developed in 265 affected villages in DIY, Central Java and West Java. By June 2010, 140 CSPs had been completed and a further 125 were under preparation. The involvement of marginalized groups is encouraged through the CSP's inclusive preparation process, which also takes into account social and environmental safeguards at all levels. Additional JRF financing was approved in 2009 for CSRRP to expand and replicate the CSP component, with local governments playing a key role in facilitating the CSP activities using local government resources. Community infrastructure construction under the CSP component focuses on disaster risk reduction activities.

Livelihoods Recovery Projects

The JRF is supporting innovative solutions to post-disaster challenges for livelihood recovery. Support for the economic recovery of micro and small enterprises in the affected areas is yielding significant results. The IOM's Livelihood Recovery project is in full implementation, providing technical assistance to more than 3,000 beneficiaries. More than 2,800 micro and small enterprise (MSEs) operators have improved business skills and more than 2,265 now have better access to markets. Community and individual level assets have been replaced and are being used in production.





↑ A batik maker from Kebon village, Klaten district, Central Java province, poses next to her organic batik cloth. The JRF Livelihood Recovery Projects are providing economic revitalization support for women. Nearly half of the beneficiaries of JRF-IOM's technical assistance activities, and more than 40% of the recipients of microfinance loans under the JRF-GTZ project, are women.

(Photo from IOM Collection)

← A silver jeweler from Pampang village, Bantul district, Yogyakarta proudly showcases some of his intricate silver brooches. The JRF is supporting innovative solutions to support economic recovery for micro and small enterprises in the affected areas through the JRF Livelihood Recovery Projects being implemented by GTZ and IOM.

(Photo from IOM collection)

GTZ's Livelihood Recovery project is also showing good progress. Working with the state-owned bank *PT Permodalan Nasional Madani* (PNM) and microfinance institutions (MFIs) such as *Bank Perkreditan Rakyat* (BPR), the project has set up a revolving loan fund to serve micro, small and medium enterprises (MSME) impacted by the Java earthquake. As of June 30, 2010, a total of 1,744 eligible MSMEs have received financial or technical assistance through the project. More than 1,100 MSEs have received loans with an average value of US\$775 per loan.

The JRF Livelihood Recovery Projects are providing much needed economic revitalization support for women. Nearly half of the beneficiaries of IOM's technical assistance activities are women, surpassing the target of 30%. More than 40% of the recipients of microfinance loans under the GTZ project are women.

Access-to-finance projects require strong institutional arrangements and accountability mechanisms, and thus take time to establish. Both livelihoods projects were extended until June 2011 to allow additional time to meet their objectives as well as develop exit strategies and strengthen capacities of local governments to continue livelihood recovery activities after the projects close in 2011. Approximately US\$2 million is under consideration as additional financing for the two livelihoods projects. These funds would allow the projects to reach additional beneficiaries and enhance sustainability.

JRF Operations and Finance

The extension of the closing date of the JRF to December 31, 2011, and revisions in the governance structure were formalized during the past year. The extension allows projects sufficient time to complete implementation and meet remaining reconstruction needs. It also provides time to further strengthen local government capacity, and provide arrangements to safeguard and maintain JRF investments. After the closure of the TTN in July 2008, new government representatives were appointed to the JRF Steering Committee (SC) and Technical Review Committee (TRC). The amendments to the JRF Operations Manual to reflect the new closing date and the governance changes were endorsed by the SC in February 2010.

A Mid-Term Review (MTR) of the JRF, commissioned by the European Union, found that the program remains highly relevant and has contributed substantially to the overall reconstruction and rehabilitation efforts. The JRF also commissioned a gaps analysis exercise, completed in April 2009, to assess remaining needs and make recommendations on future directions for the JRF. Key recommendations and follow up actions from the two reviews have already been taken up as part of the MTR follow up process.

The Steering Committee met to review progress and agree on the agenda for the time remaining. At the meeting held in May 2010, the Steering Committee highlighted the importance of focusing on completing activities and ensuring that exit strategies and plans for the sustainability of programs are in place. The Steering Committee also agreed that any further allocations will be processed as additional financing to existing projects, as limited time remains for implementation of activities before the closing date in 2011.

The JRF has received all the funds pledged from donors and has allocated 94% of these funds to five projects. A total of US\$94.1 million was pooled in funds from the European Union, the Netherlands, the United Kingdom, the Asian Development Bank, and the governments of Canada, Finland and Denmark. An additional US\$5 million is expected in income earned from investments of JRF funds. A total of US\$89.2 million has been allocated to five projects. The JRF has committed US\$73.9 million to the housing and community infrastructure sector, while projects focusing on the recovery of livelihoods have been allocated US\$15.2 million. Approximately US\$71.8 million (81% of funds allocated) has already been disbursed to projects, with project expenditures totaling more than US\$65.5 million as of June 30, 2010.

The JRF enhances stakeholder engagement through outreach and communications activities. The JRF continues to achieve its communications objectives by facilitating stronger coordination, conducting public outreach activities, enhancing media relations and managing feedback. Coordination with local governments has been intensified in order to facilitate exit strategies and ensure the sustainability of selected project activities beyond JRF closure.



↑ The local governments of Yogyakarta, Central Java and West Java have been actively involved in JRF implementation, by playing key roles in identifying beneficiaries and projects to be financed by JRF and most recently in developing strategies to enhance project sustainability. The JRF will continue to work closely with the national and local governments as well as the affected communities in recovering the affected areas until the end of its mandate in December 2011.

(Photo from IOM Collection)

→ JRF-CSRRP facilitator inspects the construction of a bridge in Wukirsari village, Bantul district, Yogyakarta. With housing reconstruction completed, activities are now more focused on reconstruction of community infrastructure through the Community Settlement Planning (CSP) Process.

(Photo from CSRRP Collection)



Looking Ahead to Resilient and Self-Sustaining Communities

The JRF will continue its commitment to the recovery of Java until the end of its mandate. The JRF will continue to work with the national and local governments and the affected communities in Central Java and Yogyakarta as the JRF moves into its last year of implementation supporting the recovery of communities and livelihoods in Java. The three current projects have extended their closing dates to June 2011 in line with the JRF's revised closing date of December 2011.

The financial outlook of the JRF is good. Approximately 81% of allocated funds have been disbursed to projects. Project expenditures are in line with activities on the ground. Roughly US\$6 million currently remains unallocated. As agreed by the Steering Committee, any further allocations will be made to existing projects as not enough time remains to implement new projects. Additional funds are expected to expand livelihoods activities.

The JRF offers important lessons for future post-disaster response programs. The participatory approach used in the JRF housing project, combined with the Javanese concept of "gotong-royong", has been highly successful, delivering good results with high beneficiary satisfaction. This participatory process, directly involving the communities affected in planning and decision-making activities, has been adopted by the Government of Indonesia as a model for future post-disaster reconstruction efforts. The Livelihoods projects are developing an innovative approach in addressing economic recovery in the post-disaster reconstruction context. These projects are also expected to generate important lessons learned for designing economic recovery programs in a post disaster context. As the events commemorating the fourth anniversary of the earthquake in May 2010 illustrated, the people of Central Java and Yogyakarta have emerged from the reconstruction process with stronger and more self-sustaining communities, better prepared to face possible future disasters.



CHAPTER 1: CONTRIBUTING TO THE COORDINATED RECOVERY EFFORTS IN JAVA



← Concrete roads in Wonoharjo, Ciamis, West Java province increase villagers' mobility including these children in getting to school. Recovery of community infrastructure such as this is an important component in the JRF-CSRRP Project.

(Photo from CSRRP Collection)

”The Government prioritized support for the rebuilding of housing, recovery of livelihoods and increasing communities’ preparedness for possible disasters in the future.”

On May 27, 2006, an earthquake measuring 5.9 on the Richter scale struck near the historic city of Yogyakarta on the Indonesian island of Java. The epicenter of the earthquake was in the Indian Ocean at a relatively shallow depth of 33 kilometers and resulted in major damage in several districts in the Yogyakarta Special Region (DIY) and the province of Central Java. A comprehensive analysis by a team of Indonesian Government and international experts estimated the total value of damages and losses sustained as a result of the earthquake to be over US\$3 billion.² Two months later, in July 2006, a tsunami hit the southern coast of West Java province, also causing significant damage.



→ Four years after the earthquake, transitional shelters have been converted into small shops and children’s reading centers such as shown here in Imogiri village. Almost 7,300 transitional shelters were delivered through the JRF to meet the urgent need for shelter while permanent housing was under construction. The transitional housing projects were completed in August 2007.

(Photo from IOM Collection)

The Java Reconstruction Fund (JRF) was established at the request of the Government of Indonesia (GOI) to support the Government’s recovery efforts in response to the Java earthquake and the West Java tsunami. The overall goal of the JRF is to respond to the most basic needs of the households affected by the earthquake and tsunami. The Government prioritized support for the rebuilding of housing, recovery of livelihoods and increasing communities’ preparedness for possible disasters in the future.

The JRF pools approximately US\$94 million in grant resources provided by seven donors to support the Government’s rehabilitation and reconstruction program. Donors include the European Union, the Governments of the Netherlands, United Kingdom, Canada, Finland and Denmark, and the Asian Development Bank. The

World Bank serves as Trustee of the JRF. The JRF is governed by a Steering Committee consisting of representatives of the Government and donors, with three co-chairs representing the Trustee, the Government of Indonesia, and the donors. The Steering Committee sets policy and makes funding decisions for the JRF. A Secretariat supports the Steering Committee and Trustee in administering the JRF. A Technical Review Committee (TRC) provides review of project proposals and program activities, monitors implementation progress, and makes recommendations to the Steering Committee.

2 Preliminary Damage and Loss Assessment: Yogyakarta and Central Java Natural Disaster, a Joint Report by BAPPENAS, the provincial and local governments of D.I.Yogyakarta, the provincial and local governments of Central Java, and international partners, June 2006.

Extending JRF Operations to Increase Impact

The closing date of the JRF has been extended to December 31, 2011 to ensure sustainability of JRF investments. The one year extension allows sufficient time to (i) complete implementation and meet the remaining reconstruction needs as identified by the GoI and the priorities of the local governments; (ii) strengthen the capacity of local governments; and (iii) ensure exit strategies are in place for sustainability and transfer of JRF investments.

The JRF's governance structure has been revised and formalized.

The mandates of the National Coordinating Team for Rehabilitation and Reconstruction and the National Technical Team (TTN), created by the central Government to ensure a consolidated effort in the reconstruction of Java, ended in the third quarter of 2008. The transfer of the JRF co-chair role from the National Coordinating Team³ to BAPPENAS, the National Planning Agency, has now been formalized. The co-chairs of the JRF Steering Committee now consist of representatives of BAPPENAS, the World Bank as Trustee of the Fund, and the European Union, the largest contributing donor to the JRF. The local governments of Central Java and the Yogyakarta Special Region are represented in the JRF Technical Review Committee (TRC) which assists the Steering Committee in its oversight function.

A Mid Term Review (MTR) for the JRF was commissioned by the European Union (EU) and conducted during February 2009. To complement the MTR, the JRF commissioned a separate Stocktaking and Gap Analysis to: (a) examine the remaining reconstruction needs based on what had been achieved by the overall reconstruction; and (b) to identify best options for utilizing the remaining JRF funds effectively. The Stocktaking and Gap Analysis exercise was conducted in March-April 2009.

The Mid Term Review found the JRF to be a highly relevant program that has contributed substantially to the overall successful reconstruction and rehabilitation effort. The MTR and Stocktaking and Gap Analysis provided many useful findings and recommendations. The JRF Secretariat has carefully reviewed these recommendations and has undertaken follow up actions. Most of the recommendations of these two reviews have already been adopted or are underway.



↑ IOM Exit Strategy Workshop. As the JRF mandate ends in December 2011, all JRF projects are currently developing proper exit strategies with related government counterparts to ensure program sustainability, including proper transfer of lessons, knowledge and assets.

(Photo from IOM Collection)

→ Women from Terong village, Bantul district, Central Java province, proudly displayed their traditional snacks during the JRF Grand Expo. Beneficiaries had the opportunity to showcase their products which ranged from silver jewelry to hand painted cloth, and from organic produce to home made snacks.

(Photo from JRF Secretariat Collection)

3 Following the earthquake, this team was established under a presidential decree in June 2006.

The Steering Committee met to review progress and set the agenda for the time remaining. At a meeting held in May 2010, the Steering Committee highlighted the importance of now focusing on wrapping up activities and ensuring exit strategies and plans for sustainability of programs. The Committee acknowledged the significant results achieved to date and discussed the way forward with approximately 6% of funds remaining unallocated. The Steering Committee agreed that any further allocations would take the form of additional financing to existing projects due to limited time remaining for implementation of activities before the closing date in 2011.

Enhancing Stakeholder Engagement through Communications

The Java Reconstruction Fund engages stakeholders through outreach and communications activities. JRF stakeholders consist of the beneficiaries, the Government of Indonesia (including the local governments of Central Java, Yogyakarta and West Java), donors, partner and implementing organizations, media and the general public. The JRF achieves its communications objectives by building proper coordination frameworks, conducting public outreach activities, enhancing media relations and managing feedback.



Coordination with local governments has been intensified as JRF enters its last implementation phase. The local governments of Yogyakarta and Central Java have actively engaged in identifying projects to be financed by JRF, as well as in project design and implementation. They have also expressed their keen interest to take over responsibility for the continuation of some project activities beyond JRF closure and to capture and disseminate the knowledge and lessons learned from JRF operations. Toward this end, regular coordination meetings and workshops are being held with local governments and implementing partners to discuss progress in the field and to develop exit strategies.

Field coordination and monitoring is ensured through field-based JRF Secretariat staff. The program officer coordinates closely with local governments, World Bank, related implementing agencies, beneficiaries and other stakeholders on issues related to the JRF and its projects. This is achieved through regular coordination meetings, consultation sessions, and direct communications and discussions.

Managing feedback received on projects has greatly enhanced the JRF portfolio. Complaint handling mechanisms have been set up and publicly announced to the stakeholders through signboards, posters, and other communication tools. Incoming complaints and queries are usually addressed through direct communication and discussions with the related parties. This is often coordinated or facilitated by community leaders, village heads and/or other local government officials.

Public outreach activities have been held to support projects and to raise awareness of project activities. These efforts have been embedded into project frameworks and range from interactive discussions to one-way information dissemination. Interactive discussions, such as workshops and community dialogues are mostly held as part of capacity building activities and as forums to exchange information. Meanwhile, one-way communications platforms such as websites (www.javareconstructionfund.org, www.jrfrekompak.org and www.gtz-jrf.org), newsletters, leaflets, brochures and posters are utilized to disseminate information and to increase public awareness of JRF programs. Special events are often held to mark milestones or to commemorate important events. Some of the events held during the past year include the launching of the previous JRF Progress Report and the GTZ Livelihood Recovery Project, the Fourth Year Commemoration of the Java Earthquake and the launch of IOM's Mahoni Store which sells products from the JRF-IOM Livelihood Recovery Project, such as organic batik, home furnishings from *age/* leaves, and silver jewelry.



↑ International journalists listened intently as a batik maker from Kebon village, Klaten district, Central Java province, explained batik coloring methods with organic materials, such as fruits, tree barks and leaves. Regular media tours are organized to encourage positive media coverage.

(Photo from IOM Collection)

➔ JRF Posters in Girisuko village, Gunung Kidul district, Yogyakarta. From left to right – map of a clean water system; brief information on JRF; and a public reminder that JRF grants are free of charge. Posters, sign boards, and brochures have been effective communication tools in increasing public awareness and disseminating information.

(Photo from JRF Secretariat Collection)



“The media has become an important partner for the JRF, particularly in disseminating information and in increasing its public profile.”

The media has become an important partner for the JRF, particularly in disseminating information and in increasing its public profile. Most projects under the JRF have utilized mainstream media to reach their stakeholders. IOM, for example, has regular radio programs on micro and small enterprise promotion whereby beneficiaries promote their products and establish business links. Both the livelihood and housing programs have been featured on local TV stations due to their achievements. Media events such as press tours for journalists to visit JRF project sites were also organized to encourage positive media coverage. During this reporting period, the JRF has generated over 75 instances of positive media coverage. JRF’s profile has continued to climb as the public becomes more aware of the JRF program and its contributions to the region’s recovery.



Four Years After the Earthquake and Tsunami:
Local Governments Look Forward to Sustaining JRF Investments into the Future

The local governments of the Special Region of Yogyakarta (DIY), Central Java and West Java have played an important role in the success and achievements of the Java Reconstruction Fund (JRF). The efforts of the Government of Indonesia, international development partners and civil society, has gradually helped restore both the physical and non-physical structures and institutions which had been severely affected by the earthquake and tsunami.

In May 2010 the local governments of Central Java and Yogyakarta initiated commemoration events which lasted for nine days to mark the fourth anniversary of the Java earthquake. Supported by the JRF, the aim of these events was to promote community resilience and awareness in disaster preparedness as well as showcase the many achievements of the communities in rebuilding their lives and livelihoods.

The Governor of Yogyakarta, Sri Sultan Hamengkubono X, in a speech delivered by his senior advisor, Bayudono, underscored that the lessons learned through the JRF can create a lasting legacy for the people of Java so that communities can be more prepared and resilient in facing future disasters.



The Governor of Central Java, Bibit Waluyo, through the Head of Operations of Central Java Planning Agency, Priyantono Djarot Nugroho, noted that the JRF projects have tremendously helped the victims of the earthquake to rebuild their lives, even to higher standards than before the disaster.

With the JRF mandate ending in December 2011, he highlighted that all local governments need to work closely with JRF to develop proper exit strategies to ensure projects' sustainability, and in this way the success being brought about by the projects can be carried forward by local governments so that the benefits do not end when JRF closes.

included disaster risk management as one of the development priorities for Ciamis over the next five years. Their plan is to continue to work on policies and action plans related to disaster management.

As the commemoration events demonstrated, the people of West Java, Central Java, and DIY have emerged from these disasters as resilient and more self-sustaining communities. The JRF will continue to work with local governments and the affected residents in supporting the recovery of communities and livelihoods in Java until the end of its mandate in December 2011.

Contributed by Puni Ayu Indrayanto & Heri Wahyudi / JRF Secretariat



↑ The Head of Operations for the Central Java Planning Agency, Priyantono Djarot Nugroho delivered a speech during the reception to commemorate the Fourth Anniversary of the Earthquake on May 26, 2010 at Saphire Hotel, Yogyakarta

(Photo from IOM Collection)

← Traditional handloomed *lurik* cloth was transformed into a modern cocktail dress for a fashion show at the reception to commemorate the fourth anniversary of the earthquake. The fabrics originated from Grogol village where the GTZ Livelihoods Recovery Program operates.

(Photo from GTZ Collection)

→ Senior Advisor to the Governor of Yogyakarta, Bayudono when opening the JRF MSME Expo on May 24, 2010 at Saphire Mall, Yogyakarta.

(Photo from IOM Collection)



Four Years After the Earthquake: Kotagede Ready to Share its Past and Embrace the Future

It is 5:55 a.m. on Saturday, 22 May 2010, precisely four days away from the fourth anniversary of the earthquake that caused widespread destruction and loss of life across much of Java. The day was still early and yet activities in the heritage sub-district of Kotagede, Yogyakarta were already coming to life. At the village hall in Jagalan, a large tent was set up in an area where buildings had collapsed during the earthquake. Over 300 people were arriving on bicycles, ready to explore Kotagede.

At precisely the same hour on May 26, 2006, an earthquake shook Kotagede and the surrounding region for 57 seconds, registering 5.9 on the Richter scale. The next few hours passed in silence. When the tragic news began to spread, people learned that the earthquake had left an enormous trail of destruction in which thousands of people perished and the homes of many thousands of survivors lay in ruin.

Kotagede was no exception. Numerous houses in the area were damaged or collapsed, including many of the historic *rumah joglo*, houses built in the traditional Javanese architectural style, for which Kotagede is known. These beautiful *joglo* houses, with handmade terracotta roof tiles and intricately carved wooden doors and windows, are a distinctive feature of Kotagede. According to the Yogya Heritage Revival

Team (*Tim Pusaka Jogja Bangkit*), which collected renovation data for historic buildings, 88 out of a Kotagede's 150 *rumah joglo*, or 59%, were damaged or destroyed in the earthquake.

Even before the earthquake, however, Kotagede was gradually losing some of its old *joglo* houses. In most cases, they were sold by the owners.

"This is very unfortunate," commented Pak Waris Sumarwoto, Head of the village of Purbayan, on the widespread sales of *joglo*. "It is very likely that the owners decided to sell because they could no longer afford the upkeep of the house." In an article published in a national newspaper *Kompas* several months ago, the district Government of Bantul admitted that they are facing difficulties in maintaining their heritage buildings.

Meanwhile, there is growing confidence that the management of Kotagede's heritage can actually be carried out through a synergy between government, civil society (including local NGOs and CSOs) and the communities themselves. Each party has a role to play and can contribute to the cause. In fact, this is precisely the approach being taken for several programs

for preservation of cultural heritage in Kotagede, including the one implemented by the Java Reconstruction Fund's Community Settlement Reconstruction and Rehabilitation Project (CSRRP).

Since the second half of 2008, Kotagede has been one of the areas targeted by CSRRP for supporting the development of Community Settlement Plans (CSP). The final output of this activity is a plan created by the community for organizing and maintaining its own neighborhood environment.





↑ A joglo house in Kotagede owned and maintained by the Department of Architecture, University of Gadjah Mada, or better known as *Omah UGM*. The open space hall located at the front of the house is often used by the local residents to hold meetings and gatherings.

(Photo from CSRRP Collection)

← The heritage trail of Kotagede attracted over 300 cyclists from all over Yogyakarta. The event was held in conjunction with the fourth year anniversary of the earthquake.

(Photo from IOM Collection)

↓ Local community leaders and members of OPKPs during the reading of the Kotagede Pledge

(Photo from CSRRP Collections)



“What the people of Kotagede can do is to maximize the potential of their heritage,” said Rudy Persik, one of the residents in Kotagede. He believes that there are many things that can be developed. One option is to create heritage trails for use by people on foot or bicycles. Through these sorts of programs, people can rediscover the beauty of Javanese architecture and handicrafts.

From 8 a.m. until noon, the cyclists toured Kotagede. The event was organized by The Heritage Area Conservation Organization (*Organisasi Pelestarian Kawasan Pusaka - OPKP*).

Through CSRRP, each community in Kotagede is encouraged to form an organization such as OPKP to manage and preserve the local heritage. CSRRP has provided assistance to these OPKPs to conduct various activities to build community capacity for heritage preservation, such as training on care and maintenance of antique carved wood.

Pak Herlan has participated in one of these training sessions. His joglo house has been repaired and is now very well maintained. On the morning of the cycling tour, he sat by his house ready to give directions to the passing cyclists. Every time a cyclist passed by, *Pak Herlan* would say, “Turn westward to *Omah UGM*” (a joglo house owned by the University of Gadjah Mada).

In this place the cyclists made their final stop. They all took part in the traditional ceremony of cutting the cone of yellow rice or *tumpang* as symbols of thanksgiving and to bear witness as members of the OPKP take their pledge to preserve the cultural heritage of Kotagede. These activities in Kotagede were among the many events held in May this year to increase public awareness on disaster risk reduction and community preparedness in conjunction with the fourth anniversary of the Java earthquake.

Contributed by Punto Wijayanto / JRF-Rekompak

PLEDGE

We, the residents of Kotagede, pledge to maintain and preserve the cultural heritage of Kotagede as a foundation in achieving tranquility, peace, prosperity and harmony of life.

Kotagede, May 22, 2010

Signed by Residents of Kotagede

IKRAR (In Javanese)

Manunggaling warga tlatah (laladan) Kutha Gedhe nyawiji tansah njaga lan nguri-uri lestarining pusaka budhaya pinangka sipat kandel kanggo nggayuh kamulyan ing tembe mburi.

Kutha Gedhe, 22 Mei, 2010

CHAPTER 2: THE JRF PORTFOLIO - HELPING TO RESTORE HOMES, COMMUNITIES AND LIVELIHOODS




← Pak Anshori and his family proudly pose in front of their earthquake-resistant house built under the CSRRP project in Wonokromo village, Bantul district in Yogyakarta. His wife, Ibu Sri Naryati, now runs a home-based laundry service.

(Photo from JRF Secretariat Collection)

“Through the coordinated efforts of government, donors and communities, the overall reconstruction of Java has yielded remarkable results.”

The earthquake of May 2006 in Java resulted in widespread devastation across various sectors, with the estimated damage totaling approximately US\$3.1 billion. The Damage and Loss Assessment (DLA)⁴ conducted by the Government of Indonesia (GoI) and a team of international experts immediately after the disaster found that the destruction to private housing accounted for more than half of the estimated damage. The area hit by the earthquake is an important center of Indonesia's small scale handicrafts industry. Small and medium sized enterprises (SMEs) are a vital part of the income generating activities for people living in this area and were severely affected by the earthquake. Assessments found that 30 percent of SMEs located in the region incurred some form of damage. The findings of the DLA and other assessments were used as a basis for the GoI's action plan for the reconstruction of the affected areas.

 The earthquake of May 2006 in Java resulted in widespread devastation across various sectors, with the estimated damage totaling approximately US\$3.1 billion

Damage to homes and communities was significant and widespread. Approximately 250,000 houses were destroyed or severely damaged according to the assessment carried out by the National Technical Team (TTN) at closure in 2008.⁵ The communities in the districts of Bantul in DIY and Klaten in Central Java were worst hit. The lack of earthquake-resistant construction methods contributed to the heavy damage to housing and small businesses. Many houses constructed of brick and/or concrete, without adequate reinforcement, did not withstand the effects of the earthquake, while houses constructed out of wood and/or bamboo proved to be more resistant to the tremors. The JRF housing and community infrastructure project has incorporated earthquake-resistant building technologies into its project activities in order to ensure the newly-constructed homes are more resistant to possible future earthquakes.

Damage and losses in the productive economic sector were also significant, with micro, small and medium enterprises (MSMEs) being the most affected. The economic impact of the 2006 earthquake was particularly heavy due to the large number of home-based industries in Yogyakarta and Central Java. An estimated 650,000 workers were employed in sectors affected by the earthquake, particularly in the ceramics, furniture, textiles and weaving, silver and leather manufacturing, and food processing industries. Approximately 90% of damage and losses in the private sector related to MSMEs, with 30,000 enterprises directly affected. Some industries recovered faster than others, but significant gaps and constraints to livelihood recovery persist. Access to finance, particularly working capital, and the ability to service existing loans were identified as the major constraints to rehabilitating livelihoods for these micro and small enterprises.

Through the coordinated efforts of government, donors and communities, the overall reconstruction of Java has yielded remarkable results. By the time the National Technical Team (TTN) completed its mandate in 2008, most of the overall reconstruction and rehabilitation activities had been completed. The TTN's closing report indicated that the need for livelihood recovery assistance, particularly access to finance, among earthquake-affected households remained strong.

⁴ Preliminary Damage and Loss Assessment: Yogyakarta and Central Java Natural Disaster, June 2006.

⁵ Tim Teknis Nasional: Laporan Akhir Pelaksanaan Tugas, June 2008.

This chapter presents an overview of the JRF portfolio results achieved through June 30, 2010. As outlined above, the JRF targeted the reconstruction of housing and rehabilitation of livelihoods through five projects. Details on the full scope of each project are referred to in Annex 1.

Portfolio Performance: Achieving Significant Results Four Years After the Earthquake

The JRF supported the reconstruction efforts of the GoI by responding in two areas: (1) the Reconstruction of Housing and Community Infrastructure, and (2) Rehabilitation of Livelihoods. A total of US\$73.9 million has been allocated to the reconstruction and rehabilitation of housing and community infrastructure in the affected areas through three projects, and US\$15.3 million has been committed to two projects on the recovery of livelihoods. Housing reconstruction was prioritized by the Government of Indonesia with livelihood rehabilitation to follow after the last donor funds became available. JRF financing for projects was aligned to this strategy and was based on availability of donor funds. The World Bank plays a supervisory and oversight role on all JRF projects.

 **US\$73.9 million** has been allocated to the reconstruction and rehabilitation of housing and community infrastructure

Currently the JRF has three active projects, and two projects have closed with objectives met. (Refer to table 2.1). The JRF's initial response was through two projects that provided transitional housing and were implemented by two different implementing partners, the International Organization for Migration (IOM) and the Cooperative Housing Foundation (CHF). These projects were completed and closed in mid 2007. The Community-Based Settlement Rehabilitation and Reconstruction Project (CSRRP), implemented by the Ministry of Public Works, began in December 2006 and will continue implementation until the JRF closes in June 2011. JRF efforts in livelihood recovery started in the program's second phase once housing reconstruction was well underway. Projects implemented by IOM and GTZ focusing on the recovery of livelihoods began implementation in late 2008 and are now contributing to the Government's initiatives to assist micro, small and medium enterprises affected by the earthquake to restore their livelihoods through access to finance, asset replacement and technical assistance. Strong supervision of all projects ensures that projects meet and respond to evolving needs on the ground.



← A public sanitation facility in Mutihan village, Klaten district in Central Java province. Beneficiary satisfaction with community infrastructure such as this provided by CSRRP is high.

(Photo from CSRRP collection)

TABLE 2.1: IMPLEMENTATION PERIOD OF JRF FUNDED PROJECTS

AREA OF JRF SUPPORT	GRANT VALUE US\$ MILLION	2006	2007	2008	2009	2010	2011
Housing and Community Recovery							
Transitional Housing - IOM	1.05	Dec	Jun				
Transitional Housing - CHF	1.27	Dec	Aug				
Community Settlement Reconstruction and Rehabilitation Project (CSRRP) - MPW	71.62		Dec				Jun
Recovery of Livelihoods							
Rehabilitation of MSMEs - IOM	4.48				Dec		Jun
Livelihood Recovery in DIY and Central Java - GTZ	10.76				May		Jun

Significant results have been achieved in the reconstruction of communities and the rehabilitation of livelihoods. JRF funding has enabled the design and construction of 15,153 permanent core houses built to anti-seismic standards and with a high rate of beneficiary satisfaction. Almost 7,300 transitional houses provided through the JRF helped meet urgent shelter needs while permanent housing was under construction. Housing targets were met by 2008 and now implementation focus continues on community infrastructure reconstruction. Over 13,000 micro, small and medium enterprises are being targeted for livelihood recovery assistance in the form of asset replacement, improved marketing, business and technical skills, and access to finance through the program’s revolving loan funds.

1. Recovery of Housing and Community Infrastructure

The JRF made an early commitment to the reconstruction of housing in response to the GoI’s priorities. Based on the initial estimated needs, the JRF allocated funding in phases, targeting assistance for housing reconstruction first. The JRF’s housing program has been implemented through three projects: two completed projects providing Transitional Housing, and the JRF Housing Project formally known as the Community-Based Settlement Rehabilitation and Reconstruction Project (CSRRP, or REKOMPAK). The CSRRP covers nine districts, working in 270 villages in 60 sub-districts in the Yogyakarta Special Region (DIY) and provinces of Central Java and West Java. (Refer to Map of JRF-Funded Activities in Annex page 58.)

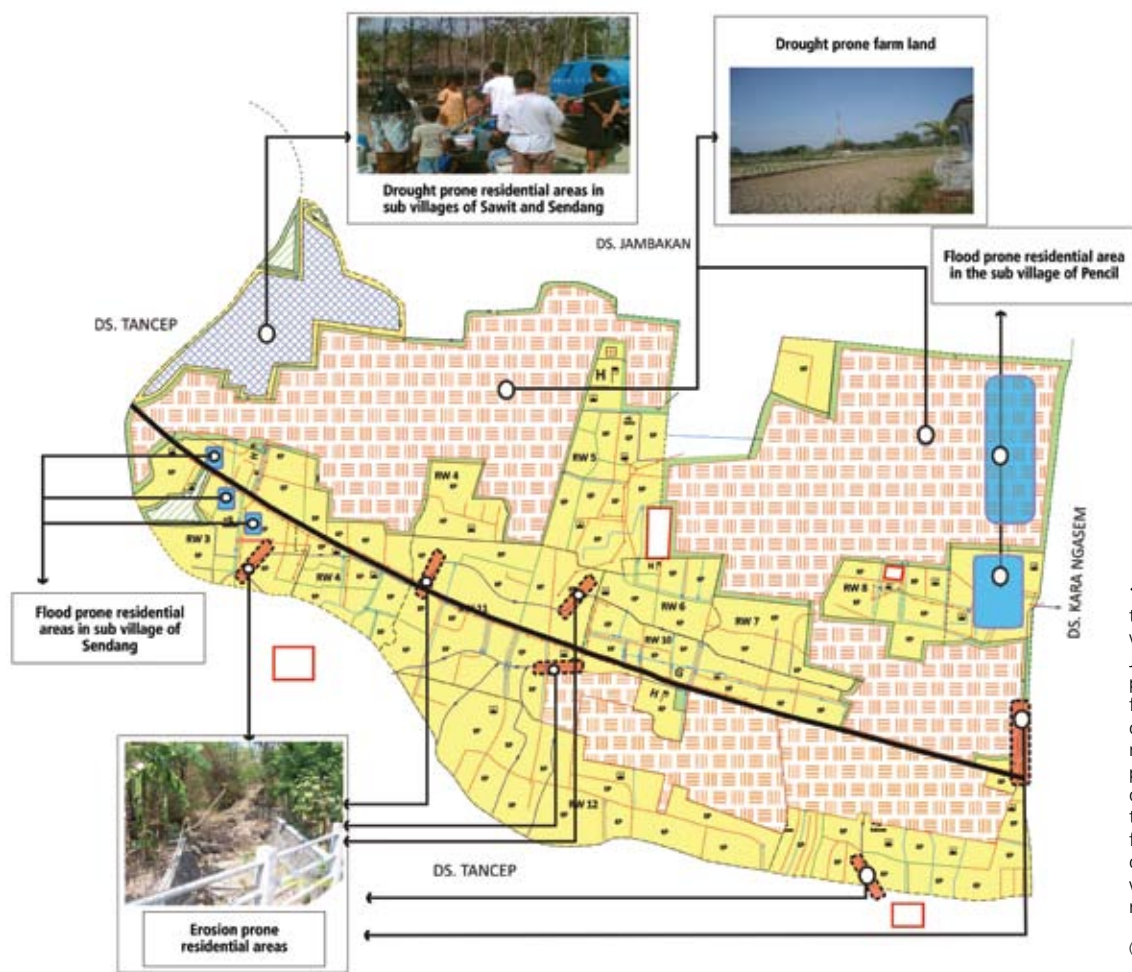


→ Community Settlement Planning (CSP) session in Kulonprogo, Special Region of Yogyakarta. Community involvement in the CSP process has led to a higher degree of ownership and beneficiary satisfaction with activities implemented through CSRRP.

(Photo from CSRRP Collection)


CSRRP
covers nine districts, working in 270 villages in 60 sub-districts

A multi-phased approach was used for housing and community infrastructure reconstruction. The two Transitional Housing projects provided immediate shelter to affected households while the more time-consuming process of constructing permanent housing took place. The JRF Housing Project (CSRRP) also initially provided transitional shelters while permanent housing was under construction. Once its permanent housing targets and key community infrastructure elements were nearing completion, CSRRP focused on supporting the development of Community Settlement Plans (CSPs). These village-level spatial plans help communities identify needs and incorporate disaster risk reduction and management strategies through an inclusive, community-based approach. The CSP component, including the reconstruction of community infrastructure identified through the village planning process, is on-going.



The community-driven approach to the reconstruction of housing in Java has been successful. Drawing on the lessons learned and strengths of the similar CSRRP housing project in Aceh, this successful approach was adopted by the Government of Indonesia and the JRF for the reconstruction of permanent houses following the Java earthquake. The high levels of community involvement in this participatory process, enhanced by the Javanese tradition of *gotong-royong* (community self-help or mutual cooperation), has led to high beneficiary satisfaction rates. The open planning and decision-making processes, including transparent processes for targeting beneficiaries and procedures for complaint handling and resolution, have resulted in increased accountability, greater contributions from the communities and enhanced community ownership in the reconstruction process as beneficiaries take responsibility for reconstructing their lives.

The CSRRP has successfully met its housing reconstruction targets. Implemented by the Ministry of Public Works with the involvement of beneficiary communities, 15,153 permanent houses were designed and built. The CSRRP provided earthquake-resistant core houses that beneficiaries could modify and finish to meet their individual household's needs. A technical audit by two leading universities (Gadjah Mada University in Yogyakarta, and Diponegoro University in Central Java) reported that the houses are generally of good quality, and are built to acceptable anti-seismic standards. The occupancy rate of these houses is 99%, indicating a high degree of beneficiary satisfaction.

 **Occupancy rate of these houses is 99%, indicating a high degree of beneficiary satisfaction**

Beneficiary satisfaction with the infrastructure assets provided is also high. Community infrastructure projects include village roads and footpaths, retaining walls, water supply and sanitation facilities, and other basic community infrastructure. These projects were identified and prioritized through a participatory process with the communities affected.

The CSRRP currently focuses on the development of Community Settlement Plans and infrastructure reconstruction, incorporating disaster preparedness strategies. Social and environmental concerns are also considered in the identification and implementation processes. Through the community planning process additional infrastructure projects are identified and implemented, with a focus on activities to increase disaster preparedness.

Building on its success in the initial 101 target villages, the CSP process is now being replicated in additional villages in Central Java, DIY and West Java. Local governments are expanding community settlement planning using their own resources under this "replication" phase, providing support for facilitating the planning process in additional villages while JRF makes funds available for the community infrastructure and disaster preparedness activities identified through the CSPs. Additional financing was approved by the JRF Steering Committee in 2009 for this phase in order to extend the community spatial planning process and infrastructure activities to an additional 164 villages, bringing the total number of villages covered to approximately 265. As of June 30, 2010, 140 CSPs have been completed and 125 more are under preparation.

 **Building on its success in the initial 101 target villages, CSP is now being replicated in Central Java, DIY and West Java**

The JRF has prioritized disaster risk reduction in all aspects of its housing program. Earthquake-resistant techniques and designs have been mainstreamed in the physical reconstruction activities in permanent housing and transitional shelters, as well as community infrastructure, and the Community Settlement Planning process involves a strong disaster risk reduction focus.

The inclusiveness of the Community Settlement Planning process encourages greater involvement of marginalized groups in the reconstruction. Women and the poor have a greater voice in identifying and prioritizing projects that impact the whole community as a result of their involvement in the planning process. It has also led to a higher degree of beneficiary satisfaction and community ownership of the planning process and new assets. The exposure of a broader range of community members to disaster preparedness strategies through the planning process also contributes to the project's aim of rebuilding stronger and more resilient communities.

In the early phase of reconstruction the JRF provided safe and durable transitional shelters to affected households. Both of the JRF's Transitional Housing projects closed in mid-2007 with the overall needs for transitional shelters having been met. A total of 4,790 transitional shelters were provided through these two projects, and an additional 2,489 were provided through the JRF's permanent housing project (CSRRP), bringing the total number of transitional houses provided by the JRF to almost 7,300. The speed with which the overall permanent housing reconstruction was carried out made further construction of transitional

housing unnecessary, and so the project recalibrated its approach to shift focus to permanent housing. The Mid Term Review (MTR) of the JRF found that the Transitional Housing projects covered a critical gap in meeting shelter needs, and concluded that these projects were highly relevant. Over 95% of beneficiaries reported that the transitional shelters enhanced their ability to resume normal household activities after the earthquake.

2. Recovery of Livelihoods

The JRF is supporting innovative solutions to post-disaster challenges for livelihood recovery. The Gol and JRF identified the need for livelihood recovery efforts and issued a call for proposals in 2007. A JRF survey had identified lack of working capital and access to finance as the most important constraints limiting the earthquake affected population from returning to their former livelihoods. The JRF works with two international organizations, the International Organization for Migration (IOM) and the *Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)*, to implement two separate but related projects designed to support the recovery of livelihoods. These projects focus on improving access to finance, replacing assets, and providing technical assistance to more than 13,000 micro, small and medium enterprises (MSMEs) in the affected areas.

 **JRF**
Livelihood
Recovery projects
are improving
access to finance,
replacing assets,
and providing
technical
assistance to
more than 13,000
MSMEs

Access-to-finance projects require strong institutional arrangements and accountability mechanisms. Setting up microfinance and revolving loan funds in a post-disaster situation is particularly challenging due to the need to reach beneficiaries quickly coupled with the need for stringent accountability mechanisms. Rising to these challenges, the IOM's Access to Finance and Capacity Building for Earthquake Affected Micro and Small Enterprises project began implementation of technical assistance and asset replacement components in late 2008. GTZ began implementation of its microfinance activities under the Livelihood Recovery for Yogyakarta and Central Java project in May 2009.

Permodalan Nasional Madani (PNM), a government-owned wholesale banking institution, serves as the project's banking partner for the post-disaster revolving loan funds under JRF. PNM was selected as the apex institution for the revolving loan scheme due to its mandate to support MSMEs. Institutional arrangements with PNM are in place to link up to microfinance institutions (MFIs), such as the *Bank Perkreditan Rakyat (BPR)*, to serve those impacted by the Java earthquake. Through these arrangements the revolving loan fund set up through the JRF will continue to provide access to finance to this target group long after the project ends. Local government is expected to monitor the continued use of these funds after the project closes, and thus strengthening local government capacity for this purpose is also an anticipated impact of the project.



↑ A handcraft producer knitting a handbag from *agel* leaves in Tuksono village, Kulonprogo, Yogyakarta. Home industries such as this are beginning to thrive with support from the JRF Livelihood Projects.

(Photo from IOM Collection)



↑ Re-establishing market access and enhancing business development capacity are some of the activities supported by the IOM Livelihoods Recovery project. These beneficiaries of the project displayed their wares at the SMESCO Expo held in Jakarta in October, 2009.

(Photo from IOM Collection)

→ The Asset Replacement component of JRF Livelihood Projects provides livestock replacement and training to farmers who lost their livestock in the aftermath of the earthquake. This farmer in Klaten is pictured with goats he received through the IOM asset replacement program.

(Photo from IOM Collection)



Significant results are being achieved in supporting economic recovery for micro and small enterprises in earthquake affected areas. Technical assistance, marketing and business development skills are being provided to beneficiaries in 43 villages through the two livelihood recovery projects. IOM has identified more than 3,000 MSE through beneficiary assessments, exceeding its initial targets. More than 3,000 MSE are benefitting from technical assistance. Of these, 2,807 now have business plans and 2,947 are keeping financial records after training. More than 2,265 MSE have improved market access, and 2,885 beneficiaries have had assets replaced and are using them in production. The Asset Replacement component has been particularly successful in replacing livestock that were sold for low prices in the immediate aftermath of the earthquake in order to make ends meet. The project has not only replaced these livestock but supplemented this investment with training in improved animal husbandry and business practices. The project has also replaced physical assets at the community level. An irrigation system serving 127 farming families in Kebon village in Klaten was completed and inaugurated in December 2009.

*** More than 2,265 MSE have improved market access, 2,885 beneficiaries had assets replaced**

GTZ's Livelihood Recovery project in DIY and Central Java is also showing good progress. As of June 30, 2010, a total of 1,744 micro and small enterprises had received financial or technical assistance through the project. Almost US\$900,000 has been disbursed to participating microfinance institutions (MFIs), including *Bank Perkreditan Rakyat* (BPR), as part of a revolving loan fund to provide much-needed access to finance to MSE to allow them to rebuild their businesses. As of June 30, 2010, more than 1,185 MSE have received loans, with an average loan size of 7 million *rupiah* (around US\$775). Loan disbursements to beneficiaries are expanding rapidly and are well on track to meet the target of 10,000 MSME by the project's closing date.

The JRF Livelihood Recovery Projects are providing much needed economic revitalization support for women. Nearly half of the beneficiaries of IOM's technical assistance activities are women, surpassing the target of 30%. More than 40% of the recipients of microfinance loans under the GTZ project are women.

Both JRF Livelihoods projects have received an extension to their original closing dates in order to reach targets and ensure sustainability. After the JRF closing date was formally extended to December 2011, both the IOM and GTZ livelihoods projects were extended until June 2011 in order to allow additional time to meet their objectives and to develop exit strategies and strengthen capacities so that local government can continue to carry on livelihood recovery activities benefitting Java's earthquake-affected population after the projects close.

Village Promotion Teams Support Livelihood Recovery through Expanding Market Access

Once-foreign phrases such as ‘marketing strategies’ and ‘penetrating the market’ are now on every batik maker’s lips in Kebon village, a batik-making village in Central Java that was hit hard by the earthquake.

Ibu Dalmini, a 37-year-old batik producer in Kebon, says business development trainings in the JRF-IOM Livelihoods Recovery project are having a major impact in helping her and others in her village recover and improve their livelihoods.

Kebon’s 169 IOM-supported batik makers have been heavily involved in the Village Promotion Team (VPT) set up through the project, taking their batik to exhibitions across Indonesia, and also receiving hundreds of tourists in their new showroom located in the village. The Village Promotion Teams play a pivotal role in the sustainability of these and other enterprises by improving market access. In addition, the project supports micro and small enterprises, like Kebon’s batik producers, with business skills training and technical assistance to improve product design and finishing, as well as the overall production process.

They are excited by the comparative advantage that their products – traditionally made with natural materials – offer. “Batik Kebon has good prospects and can potentially be popular in wider

markets because our products are unique and have beautiful motifs,” says Dalmini.

Such high hopes contrast with what they felt immediately after the earthquake. Dalmini’s house was destroyed and her family lived in emergency tents for three months. Her tools were damaged and she was unable to engage in the craft she has practiced since childhood and which sustained her family – making batik.

The project replaced damaged tools and also provided additional skills training. Each of five groups produces about 25 batik pieces per month. As a result of new marketing strategies developed with the support of the project, total sales during the last four months reached approximately US\$9,000, increasing revenue flows of these producer groups by nearly US\$1,700 per month.

The traditional batik process involves drawing motifs in wax by hand, dyeing the cloth using natural materials such as *secang* wood, mango leaves and *belimbing wuluh* fruit, drying the cloth and repeating the process again for each color used.



← *Ibu Dalmini*, a batik producer from Kebon village, Klaten district in Central Java province poses with her batik creations. Kebon’s 169 IOM-supported batik makers have been promoting their batiks through exhibitions all across Indonesia.

(Photo from IOM Collection)

↓ A house in Kebon village, Klaten district in Central Java province has been converted into a showroom for potential buyers, visitors and media.

(Photo from IOM Collection)



The batik producers expect to soon earn three times as much as they did before the earthquake. This is possible because, as Dalmini says, they are no longer simply laborers answering to a

Women in the village of Terong, Bantul, are also expanding markets for their new agro-based food products through the Village Promotion Team (VPT) set up by the JRF-IOM Livelihood Recovery project. Skills training provided through the project helped 71 village women to diversify into food processing to recover and expand their livelihoods which depended primarily on crop production prior to the earthquake.

The impact from the skills trainings have been significant, as the popularity of Terong's 'NIKIMON' brand of snack food, an initiative undertaken with

the support of the project, continues to soar in the region. The women now produce snack food products from locally grown bananas, cassava, and peanuts.

Snack food maker Ibu Warsiti, 39, says life has changed for the better for the women in her village.

"We felt like we were going back to school again. Before the JRF-IOM project came to our village, the women here only used to cook, clean the house or help their husbands in the rice fields every day."

In response to an increasing market demand for NIKIMON products, the VPT opened a store in the village in June 2010. Food certification and clever branding is helping to expand NIKIMON's

public recognition. Local government is also assisting with promotion.

Prior to the project, unprocessed cassava fetched only about five to ten cents (US\$) per kilogram. Through value-adding activities, the women now earn around US\$1.75 per kilo for cassava chips. Partnering with local mini-markets, the producer groups have already reached sales of approximately US\$3,500 over a six month period, thus adding some US\$574 per month to group incomes.

Profits are utilized to finance working capital needs and to build savings managed by the groups. Residue from production is used for cattle feed. As an additional impact on the village, the steep increase in demand for agricultural commodities has led to price increases benefiting local farmers. The price of unprocessed cassava has doubled, and banana prices have climbed to more than US\$7 per stem compared to less than US\$5 previously.

The Head of Terong Village, Sudirman Alfian, said the VPT's initiatives, such as the opening of a shop selling NIKIMON products, is a boost for economic recovery and livelihoods sustainability in Terong. "These producer groups have empowered women to make their own decisions regarding business strategy and have developed their capacity to deal with challenges as they arise," he says.

by Simon Gladman / JRF-IOM



↑ In response to an increasing demand for NIKIMON snacks, the Village Promotion Team (VPT) of Terong village opened a store in June 2010.

(Photo from IOM collection)

→ A woman from Terong village, Bantul district in Yogyakarta happily holding her banana chips to be packaged and branded as NIKIMON snack. The impact of skills trainings in this village has been significant with the popularity of the NIKIMON brand continuing to soar.

(Photo from IOM Collection)



middleman, but independent entrepreneurs working together. They feel in control of their own futures. "For me the most helpful trainings were in business management. If it wasn't for the JRF-IOM project, we would probably not have been able to introduce our batik to other areas outside of Kebon, and even other countries."

Women of Grogol village: Weaving a Better Future with Support from the JRF-GTZ Livelihoods Recovery Project

The sound of traditional wooden looms can now be faintly heard almost every day in Grogol Village, Weru Sub-district in Central Java's Sukoharjo district. Nearly every house in this village has a wooden loom, since weaving is a tradition passed down among women from generation to generation. They produce *lurik gendong*, a strong shawl-like piece of cloth made of nylon thread used to carry goods. These shawls have a course texture and are sold at a very low price. Demand for this product has continued to decline for the past few years.

The local economy turned for the worst after the earthquake struck Yogyakarta and parts of Central Java in 2006. Many of the Grogol weavers were unable to produce *lurik* as their wooden looms were badly damaged in the disaster. The local government of Sukoharjo then turned to the JRF-GTZ Livelihood Recovery Project (LRP) to provide technical assistance to the weavers. In December 2009, GTZ - LRP conducted its first training for improvement of product quality and design. The training was attended by 40 people from Tenun Sari group in Grogol village.



↑ Ibu Sanikem, Chairman of the Tenun Sari group at Grogol village, Sukoharjo district, Central Java province is now actively promoting *lurik* and even expanding the group's market to cities such as Yogyakarta and Jakarta.

(Photo from GTZ collection)

→ Ibu Sarini, a member of the Tenun Sari group, posing with her wooden loom at Grogol village, Sukoharjo district, Jawa Tengah.

(Photo from GTZ collection)

← Women of Grogol village with their fine *lurik* fabrics at the JRF Grand Expo. Producer groups such as this often participate in fairs and exhibitions which are organized in close cooperation with local governments.

(Photo from GTZ collection)



Now, the Tenun Sari group is able to produce *lurik* fabric of better quality. The cloth they now produce is suitable for clothing and thus has a higher economic value. The *lurik gendong* that they previously produced was offered at 8,000 *rupiah* (less than US\$1.00) per piece. The *lurik* fabric they now produce can be sold for 50,000 *rupiah* (about US\$5.50)

“We are very grateful for the training provided by GTZ. Not only has it provided us with new insights but also helped us in increasing our family income” said *Ibu Sanikem*, chairperson of Tenun Sari group. Due to the high demand, *Ibu Sanikem* now hires people to help her weave and roll the thread onto spools.

every day because there were few orders. Now I cannot afford to lose a single day without weaving. Our business is really beginning to pick up.”

This mother of three has an expertise in arranging threads to produce the distinctive striped *lurik* patterns, traditional in this part of Java. This process, commonly referred to as *sekir*, is carried out before weaving. This is the most complicated process in producing *lurik*, requiring the operator’s skill to arrange thousands of thin threads. For example, to produce a fabric 70 cm wide, the operator will have to arrange up to 2,100 threads. Each motif has a different formula and there are dozens of *lurik* motifs, including both classical and contemporary designs. “When I’m not arranging the threads for the motif, then I do weaving. I’m the only one in the group that has skill in arranging threads.”

The progress made by the Grogol *lurik* artisans received praise from Drs. Supangat, M.M., who heads Sukoharjo’s Agency of Industry and Trade. He also expressed his appreciation to JRF’s Livelihood Recovery project through GTZ for supporting the local economy, particularly in motivating micro and small businesses. “I am extremely proud to see the quality of Grogol *lurik* nowadays. This group of weavers certainly has come a long way.”

by Jullya Vigneshvara / JRF-GTZ



per piece. In addition to training, GTZ - LRP also helped in modifying the looms, providing production materials and opening market access for artisans by inviting them to local and national trade fairs and exhibitions. The efforts are already bearing fruit, and orders are beginning to flow from different cities.

***Ibu Sarini*, another member of the weaving group, is also happy about the improvements in her livelihood since undergoing the GTZ-LRP training. Now, each day after finishing her household chores, Sarini goes directly to work on her wooden loom in order to fill the large number of orders that the group receives. “Before the earthquake, I didn’t weave**

CHAPTER 3: MANAGING JRF FINANCES



↑ To date, the JRF has allocated 94% of its available funds (amounting to a total of US\$89 million) to projects focusing on housing and community reconstruction, and livelihoods development. These happy beneficiaries are participants in an IOM Business Development Training session.

(Photo from IOM Collection)

“With projects performing well, the JRF funds allocated to projects are expected to be spent by June 2011.”

Seven donors pledged and contributed funds to the Java Reconstruction Fund. A total of US\$94.1 million has been pooled in funds from the European Union, the Netherlands, the United Kingdom, the Asian Development Bank, and the governments of Canada, Finland and Denmark for the reconstruction and rehabilitation of the earthquake and tsunami affected areas in Yogyakarta Special Region, Central Java and West Java. An additional US\$5 million is expected in income earned from investments of JRF funds.

All pledges by donors have been received in full by the JRF. Table 3.1 shows the sources of funding from various donors.

TABLE 3.1: SOURCES OF PLEDGES AND CASH

	TOTAL PLEDGES US\$ MILLION	CASH RECEIVED US\$ MILLION	% TOTAL PLEDGES
European Union	51.17	51.17	54%
Government of Netherlands	12.00	12.00	13%
Government of United Kingdom	10.77	10.77	11%
Asian Development Bank	10.00	10.00	11%
Government of Canada	6.53	6.53	7%
Government of Finland	1.99	1.99	2%
Government of Denmark	1.60	1.60	2%
Total Contributions	94.06	94.06	100%

The closing date of the JRF has been extended to December 31, 2011. This extension was approved by the donors and formalized by amendments to contribution agreements. This allows projects to complete implementation and to ensure exit strategies and sustainability measures are in place for investments made.

Allocations and Disbursements to Projects

JRF has allocated 94% of its available funds, amounting to a total of US\$89.2 million, to five projects. Of this, US\$71.7 million, or approximately 80% of funds allocated to projects, has been disbursed to the projects in the portfolio, as shown in Table 3.2.

 **JRF has allocated 94% of its available funds, amounting to a total of US\$89.2 million, to five projects**

TABLE 3.2: PROJECT DISBURSEMENTS AND EXPENDITURES AS OF JUNE 30, 2010

AREA OF JRF SUPPORT	US\$ MILLION		
	GRANT VALUE	DISBURSEMENT TO PROJECTS	PROJECT EXPENDITURES
Housing and Community Recovery			
Transitional Housing - IOM	1.05	1.05	1.05
Transitional Housing - CHF	1.27	1.27	1.27
Community Settlement Reconstruction and Rehabilitation Project (CSRRP) - MPW	71.62	64.1	57.32
Recovery of Livelihoods			
Rehabilitation of MSMEs - IOM	4.48	2.76	3.46*
Livelihood Recovery in DIY and Central Java - GTZ	10.76	2.57	2.37
Totals	89.18	71.75	59.64

* Project costs were prefinanced by the Implementing Agency, hence project expenditures exceed current disbursements to the project.

✦ The JRF has committed US\$73.9 million to reconstruction of housing and community infrastructure

The JRF has committed US\$73.9 million of its funds to reconstruction of housing and community infrastructure. The two Transitional Housing Projects completed activities at a cost of US\$2.3 million. The budget for the housing and community infrastructure project, CSRRP was increased from an initial allocation of \$60 million to US\$71.6 million in 2009. As of June, about US\$66.4 million, or 90% of funds allocated to the 3 housing sector projects, have been disbursed.

Projects focusing on the recovery of livelihoods have been allocated over US\$15 million. Approximately US\$10.8 million of this is implemented through *Deutsche Gesellschaft für Technische Zusammenarbeit* (GTZ). The project contributes to the Government of Indonesia's initiatives to assist micro, small and medium enterprises (MSMEs) affected by the earthquake to revitalize their businesses and to re-integrate affected low income communities into economic life through technical assistance and access to finance. In addition, US\$4.5 million is allocated to a project implemented by the International Organization for Migration (IOM) which provides asset replacement and technical assistance for micro and small enterprises (MSEs). As of June 30, 2010, US\$5.3 million has been disbursed to these projects.



↑ Water drainage system in Sidomulyo village, Bantul district, Yogyakarta. The JRF has committed over US\$74 million of its funds for the reconstruction of housing and community infrastructure projects such as this.

(Photo from CSRRP Collection)

→ A women's group in Jenowo village, Boyolali district, Central Java province supported by the GTZ Livelihoods Recovery project, producing traditional cassava cakes to be sold to the surrounding villages. JRF has allocated over US\$15 million for the recovery of livelihoods.

(Photo from GTZ Collection)

Expenditures

Projects implemented under the JRF portfolio have spent a cumulative total of US\$65.4 million. This is approximately 91% of funds that have been disbursed to these projects. Projects in the housing and community infrastructure sector have spent US\$59.6 million, and cumulative expenditures for the livelihoods projects total US\$5.8 million.



→ Distribution of wheelbarrows by IOM at Cepokosawit village, Boyolali district, Central Java Province. The JRF allocated US\$4.5 million to livelihood recovery projects implemented by IOM. The project provides asset replacement and technical assistance for micro and small enterprises (MSEs).

(Photo from IOM Collection)

Program administration and project preparation and supervision costs are expected to be US\$3 million for the life of the JRF. These expenses are expected to be fully covered by the income earned from the investment of contributions by the Trustee which accrues to the JRF.



Financial Outlook

With projects performing well, most of the funds programmed are expected to be disbursed and spent. With all housing reconstruction completed and only the community infrastructure activities identified through the community spatial planning process remaining, the JRF housing project is expected to expend most of its funding in 2010. The livelihood recovery projects which started in 2008 have spent approximately 40% of their funds by the end June 2010. The extension of the JRF to December 2011 and subsequent extension of the closing dates for the two livelihood projects to June 2011 will allow the projects sufficient time to achieve their intended targets and fully expend their funds.

The JRF has approximately US\$6 million remaining as unallocated funds as of June 30, 2010. The Steering Committee of the JRF has agreed in principle to provide additional financing to the livelihoods rehabilitation projects currently under implementation, to scale up activities and enhance the sustainability of the investments to date. Formal requests for additional financing are expected from these projects in the third quarter of 2010. The JRF closing date is December 2011 and all JRF projects are to close by June 30, 2011.

JRF-GTZ Microfinance Loan Mechanism Saves Small and Micro Business Owners

For many people, two million *rupiah* (equivalent to around US\$220) may not seem like a lot of money. However, this is more than enough to save a micro-scale business such as the one run by *Ibu Martha Supriyati*.

When the earthquake hit Central Java in May 2006, *Ibu Martha* was lucky. The earthquake did not cause significant damage to her house and her family was safe. However, the damage to basic infrastructure such as access roads and bridges has crippled the local economy. As a result, small and micro entrepreneurs such as *Ibu Martha*, who owns a small business making snack foods in her home in the village of Giripeni, in Kulonprogo district of Yogyakarta, have struggled to restore their businesses.

Responding to the need to help small and micro enterprises like *Ibu Martha's* recover from the effects of the earthquake, the Java Reconstruction Fund (JRF) supports the German technical cooperation organization *Deutsche Gesellschaft für Technische Zusammenarbeit* (GTZ) to implement the Livelihood Recovery Project (LRP) in the provinces of Yogyakarta and Central Java. The project aims to assist micro, small and medium enterprises (MSMEs) and low-income communities affected by the earthquake by enabling them to revitalize their businesses.

GTZ has significant experience in implementing microfinance programs in Indonesia. Working with *PT. Permodalan Nasional Madani* (PNM) they formulated a loan mechanism which improves access to finance for MSMEs. Part of the grant provided by JRF was used to set up a revolving loan fund administered by PNM. These funds are channeled to approved microfinance institutions (MFI) such as *Bank Perkreditan Rakyat*

Ibu Martha Supriyati is a member of one of the 65 groups of micro businesses that have secured loans from *Bank Pasar*, one of the BPRs participating in the project. This bank, located in Kulonprogo district, Yogyakarta, has received 10 billion *rupiah* (about US\$1.1 million) from the JRF-GTZ revolving loan fund to be disbursed as non-collateral loans to groups of micro and small entrepreneurs.



(BPR), *Baitul Mal wat Tamwil* (BMT) and cooperatives to provide loans for working capital for MSMEs directly or indirectly affected by the earthquake in Yogyakarta and parts of Central Java (Klaten, Boyolali and Sukoharjo districts).

Funds will be disbursed in two phases. The first 5 billion *rupiah* (US\$552,000) is prioritized for women running home businesses in Kulonprogo. This phase is currently ongoing. A total of one billion *rupiah* (about



➔ Pak Fahmi Akbar Idries, President Director of *Bank Pasar Kulon Progo*, is ready to support small and micro enterprises through non-collateral group lending.

(Photo from GTZ Collection)

↶ Ibu Martha Supriyati preparing her traditional fermented cassava cakes at her home. Through the micro credit that she received, Ibu Martha was able to buy proper cooking utensils and increase her production capacity.

(Photo from GTZ Collection)

⬇ The GTZ microfinance program is in line with the mission and vision of *Bank Pasar* which is to support MSMEs and low-income communities.

(Photo from GTZ collection)

US\$110,400) has already been disbursed to 65 groups of micro businesses with a total of 442 members. The remaining four billion *rupiah* (US\$441,500) will be disbursed to additional groups with more than 2,000 members.

In the second phase, another 5 billion *rupiah* will be disbursed through the Rural Credit Board (*Badan Usaha Kredit Pedesaan, BUKP*) located throughout Yogyakarta. Through BUKP the project will reach additional micro businesses that have difficulties in accessing credit following the earthquake.

Pak Fahmi Akbar Idries, SE MM, President Director of BPR *Bank Pasar Kulon Progo* said that the loan program provided by the JRF

is very beneficial in helping micro and small entrepreneurs adversely affected by the earthquake in Yogyakarta to recover their businesses. "This is in line with the mission and vision of *Bank Pasar* which is to support MSMEs and low-income communities," he added with a smile.

The statement was further confirmed by Ibu Martha, whose home-based food production business was saved by the program. "The group lending that we received has a low interest rate and does not require any collateral. This allows small home-based industries like ours to qualify for the loan program." The average loan is between 2 and 5 million *rupiah* (US\$220 - US\$550).

Pak Fahmi recognizes that his financial institution bears more risk in distributing this non-collateral lending. However, he remains positive and optimistic about participating in the program, particularly since GTZ - LRP also provides capacity-building technical assistance to participating MFIs. This assistance includes training on credit analysis and management of nonperforming loans. In the future, GTZ - LRP, in collaboration with *Bank Pasar Kulon Progo*, will also provide training to groups of MSEs receiving credit to strengthen the group members' capacity in entrepreneurship and other needed skills.

by Jullya Vignesvvara / JRF-GTZ



CHAPTER 4: LOOKING AHEAD TO RESILIENT AND SELF-SUSTAINING COMMUNITIES



→ Workshops on post disaster recovery for local government officials are being held by the JRF Livelihoods Recovery projects as part of their exit strategies to promote sustainability.

(Photo from IOM collection)

← The Livelihoods Recovery projects are working towards ensuring sustainability after JRF closure. This batik maker from Gulurejo village, Kulonprogo district, Yogyakarta was able to resume her business with the support of the GTZ Livelihoods project.

(Photo from GTZ Collection)

“The people of Yogyakarta, Central Java and West Java, supported by the national and local governments, have shown remarkable resilience and community spirit in reconstructing their homes, livelihoods and communities.”

Four years after the devastating earthquake that struck Central Java and Yogyakarta in May 2006, the Java Reconstruction Fund continues to support the recovery of communities and livelihoods in Java. With physical reconstruction winding down, support for rehabilitating livelihoods and reducing risks from future disasters continues. The people of Yogyakarta, Central Java and West Java, supported by the national and local government, have shown remarkable resilience and community spirit in reconstructing their homes, livelihoods and communities. Through this process communities are now better equipped and have increased awareness to deal with future possible disasters. This resilience and spirit were highlighted at the commemoration events held in May 2010 to mark the fourth anniversary of the earthquake.



In line with the Government of Indonesia's priorities, the JRF support to reconstruction adopted a phased approach to housing and support for livelihoods, and has expanded activities. To meet immediate housing needs of earthquake affected families, early JRF projects filled the gap by first ensuring all affected families had transitional housing while permanent housing reconstruction was underway. Permanent housing reconstruction under the JRF was completed by March 2008, and the focus of the housing project (CSRRP) shifted to community infrastructure and the preparation of Community Settlement Plans mainstreaming disaster risk reduction. The two projects supporting livelihoods recovery started once construction of permanent housing was underway and these projects are now in full implementation.

The closing date of the JRF has been extended by one year until December 31, 2011. This extension, which was formalized in January 2010, will allow the JRF to fully implement its activities, reach more beneficiaries and ensure sustainability of the investments made. The extension also provides greater opportunity for building capacity to ensure the sustainability of the projects by further developing exit plans and providing training to local governments and civil society organizations.

The Housing and Community Infrastructure project has been expanded and is working closely with local government to enhance sustainability. The JRF housing project (CSRRP) supported communities to complete more than 15,000 earthquake-resistant houses in two of the worst-hit districts, Bantul in DIY and Klaten

 **The JRF housing project (CSRRP) supported communities to complete more than 15,000 earthquake-resistant houses**

in Central Java. Basic community infrastructure works under the housing project have also been completed and additional infrastructure needs identified through the CSPs are currently under construction. Community settlement plans (CSPs) were originally targeted in 101 villages, and was scaled up with additional financing to include approximately 165 additional villages. To date, CSPs have been completed in 140 villages and are under preparation in 125 more villages. Local government has demonstrated its commitment to continuing support for developing community settlement plans by providing funding from local resources for the facilitators and the preparation of the CSPs. The CSP component integrates disaster risk reduction into the community planning process, thereby contributing to increased awareness and preparedness as well as physically safer communities.

The Livelihoods Recovery projects are working towards ensuring sustainability. The Livelihood projects are showing good progress. The IOM-implemented project is providing assistance to about 3,000 MSEs through asset replacement, improved business and technical skills, and access to markets, while the project implemented by GTZ is focusing on providing both technical and financial assistance for MSMEs. Both projects are enhancing their exit strategies to ensure project investments can be sustainable after the end of the project. This is particularly critical in the case of the revolving loan funds under the GTZ project's Access to Finance component which will continue to support livelihood development for beneficiaries in the affected areas after the project ends. The extensions of the closing dates of both projects will allow sufficient time for these exit strategies to be implemented with the local government.

Governance and operational arrangements are now in place for the remainder of the life of the JRF. Changes in the governance arrangements for the JRF as a result of the end of the mandate of the Government of Indonesia's National Coordinating team and its advisory team, *Tim Teknis Nasional / National Technical Team (TTN)*, are now complete. BAPPENAS will continue in the coordination role and as one of the Co-chairs of the JRF until it closes in December 2011. The appointment of representatives from both central and provincial government to the JRF governing body and technical committee has also now been formalized. The JRF's Operations Manual has been revised and approved and will provide procedural guidelines for the remaining period of implementation and closing.



The financial outlook for the JRF is good. Nearly 81% of allocated funds have been disbursed to projects, and disbursements are expected to accelerate as the microfinance component under the Livelihoods project implemented by GTZ scales up to provide more loans to beneficiaries. Only 6% of JRF funds currently remains unallocated. The remaining time until December 2011 is deemed to be insufficient to start up new projects financed by the JRF and to complete their implementation before the closing date. Therefore, the Steering Committee has agreed that any further allocations of remaining JRF funds will be provided to existing projects and no new projects will be financed by the JRF.

Approximately US\$2 million of additional financing for the two livelihoods projects is under consideration. These funds would allow scaling up of support to reach additional beneficiaries and enhance sustainability through capacity building for local government.



↑ Reconstruction of an irrigation system by the community in Troketon village, Kulonprogo district, Yogyakarta. The participatory planning approach used in the CSRRP project, combined with the Javanese concept of “gotong-royong”, has been highly successful. This is one of the important lessons that can be learned from the JRF for future post-disaster response programs.

(Photo from CSRRP Project)

← A small business owner signs a loan agreement with a local MFI. Disbursement of JRF funds are expected to accelerate as the GTZ microfinance component provides more loans to beneficiaries.

(Photo from GTZ collection)

→ A farmer in Mertelu village, Gunungkidul district, Yogyakarta preparing to harvest rice from his paddy field. The quality of the soil as well as the rice grains harvested in this village has steadily improved since farmers started receiving technical assistance in organic farming methods from GTZ.

(Photo from GTZ Collection)



The JRF offers important lessons for future post-disaster response programs. The participatory approach used in the JRF housing project, combined with the Javanese concept of “gotong-royong”, has been highly successful, delivering good results with high beneficiary satisfaction. This participatory process, directly involving the communities affected in planning and decision-making activities, has been adopted by the Government of Indonesia as a model for future post-disaster reconstruction efforts. This provides an opportunity to mainstream reconstruction through community based approaches into national programs. The Livelihoods projects are developing an innovative approach in addressing economic recovery in the post-disaster reconstruction context, and these projects are also expected to generate important lessons learned for designing economic recovery programs in a post disaster context. The Government of Indonesia will continue to draw on these lessons to develop the country’s resources for addressing future disasters.

The JRF will continue its commitment to the recovery of Java until the end of its mandate. The JRF will continue to work with the national and local governments and the affected communities in Central Java, Yogyakarta and West Java as the projects move into their last year of implementation. As the commemoration events held in Yogyakarta in May 2010 illustrated, the people of Central Java, Yogyakarta and West Java have emerged from the reconstruction process with stronger and more self-sustaining communities, better prepared to face possible future disasters.

Contributing to the Community Through Community Settlement Planning in West Java

Pak Rosyid and his wife Ibu Rosyiah, have been volunteers in the JRF’s Community Based Settlement Rehabilitation and Reconstruction Project (CSRRP—also known as REKOMPAK) since the project began implementation in their village of Ciliang, located in Ciamis district in the province of West Java. This village was directly affected by the tsunami that struck Pangandaran beach on July 17, 2006. The Golempang neighborhood was one of the five worst hit areas, with waves flooding an area as far as 150 meters from the shoreline. The disaster claimed 18 lives and damaged over 70 houses.

“I volunteer for the sake of my village and I will continue to do so until the end of the project,” said Ibu Rosyiah when interviewed at the construction site of an evacuation road in her village. Becoming a volunteer on the CSRRP project is not compulsory, but is purely up to the individual community member. Most volunteers give their time out of a desire to look after their own community and environment.

Ibu Rosyiah also admitted that when she was part of the Core Planning Team in the development of Ciliang’s Community Settlement Plan (CSP) she frequently had to attend meetings that lasted throughout the whole day or even the night.



↑ Pak Rosyid and Ibu Rosyiah have been volunteers since the CSRRP began its activities in their village. They are committed to serving their community until the end of the project.

(Photo from CSRRP collection)

➔ The inclusiveness of the community settlement planning process encourages greater involvement of marginalized groups in reconstruction. Community participation contributes to the project’s aim of rebuilding stronger and more resilient communities.

(Photo from CSRRP collection)

← The community-based approach allows residents who volunteer to acquire new skills and knowledge including how to develop community settlement plans, learn various construction techniques, and how to write field reports.

(Photo from CSRRP collection)





The same commitment and dedication can also be seen in her husband, *Pak Rosyid*, who was also at the construction site. This owner and operator of a local community radio station often uses his radio programs to socialize and disseminate information on the project to the villagers. “I usually announce upcoming meetings and the results of these meetings through the radio. This has proven to be effective, because villagers can then be fully informed of all developments in the project,” he explained proudly.

Pak Rosyid and Ibu Rosyiah understand the consequences of becoming volunteers as they contribute most of their time for this project. When asked about living expenses, this father of two with two grandchildren answered with ease. “Volunteering does not make us more deprived. In fact we are feeling blessed and fortunate to be able to give back to the community. God has been generous to us,” said *Pak Rosyid*, who is also a member of the Farmers Association in Ciliang Village.

According to *Pak Rosyid and Ibu Rosyiah*, becoming volunteers gave them valuable new experiences and opportunities to learn. They now have skills in developing community settlement plans, monitoring project progress and have even learned to write field reports. *Pak Rosyid* hopes that the values of trust, openness, transparency, and environmental consciousness that have been introduced by the project have been instilled in the community and can be carried forward for a better future in his village.

by Didit Ahendra / JRF-Rekompak



ANNEXES: PROJECT PORTFOLIO & MAP OF JRF-FUNDED ACTIVITIES



← A women's *agel* producer group in Teksono village, Kulonprogo district, Yogyakarta. IOM continues to strengthen the management capacity of 114 producer groups such as this. By June 2010, most groups were convening regular meetings and practicing simple bookkeeping.

(Photo from IOM Collection)

Fact Sheet 1: Transitional Housing Projects

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

Grant Amount	US\$2.32 million (revised; originally US\$6.64 million)
Implementation Period	December 2006 to August 2007
Partner Agency	World Bank
Implementing Agency	International Organization for Migration (IOM) and Cooperative Housing Foundation (CHF) International
Disbursements	US\$2.32 million

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

housing reconstruction program by bridging the gap between emergency shelter and permanent housing.

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

Major Achievements

A total of 4,434 transitional shelters were provided through the JRF's two Transitional Housing projects. IOM provided 1,586 units and CHF provided another 3,204, all of which conformed to the pre-agreed specifications. In addition, the JRF's permanent housing project, CSRRP, also provided 2,489 transitional houses, bringing the total number of transitional houses delivered by the JRF to almost 7,300. The project implemented by IOM closed in June 2007, with the CHF implemented project closing shortly after in August 2007, after meeting the need for transitional housing of earthquake affected families.

In the overall response effort, UN data indicates that close to 99% of transitional shelter needs were met. The JRF's contribution to the overall transitional shelter program was relevant and needed, filling the gap in need for adequate living shelters while permanent housing was constructed.



→ Over 95% of beneficiary households felt that the temporary housing enabled them to resume their normal household activities, thereby speeding up recovery in the affected areas.

(Photo from IOM Collection)

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

Observations and Lessons Learned

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

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

Economy of scale impacted the unit cost of transitional shelters. With the considerable reduction in needs and targets, unit costs ended up being higher than anticipated for the transitional shelters. In addition, the last remaining beneficiaries, who were targeted by this project, were harder to reach, more scattered and more difficult to identify, resulting in higher time and transport costs. In



← Of the 7,300 transitional shelters provided through JRF projects, a total of 4,790 were provided through the JRF's two Transitional Housing projects. The JRF's contribution to the overall transitional shelter program was relevant and needed, complementing the Gol's very successful housing reconstruction program by bridging the gap between emergency shelter and permanent housing.

(Photo from IOM Collection)

large scale relief operations, though, it is common that this "last 10%" of beneficiaries are generally reached at a higher average cost than the bulk of the beneficiaries.

Key achievements at project closure	
Number of roof structure kits delivered to beneficiaries that meet satisfactory basic technical quality	Total: 4,790 • IOM: 1,586 • CHF: 3,204
Satisfaction rates of beneficiary households (both men and women) on ability to resume their normal household activities through the provision of transitional housing	Men: 95% Women: 99%

Fact Sheet 2: Community-Based Settlement Rehabilitation and Reconstruction Project (CSRRP)

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

Grant Amount	US\$71.62 million
Implementation Period	December 2006 to June 2011
Partner Agency	World Bank
Implementing Agency	Ministry of Public Works (MPW)
Disbursements	US\$64.1 million



↑ Over 15,000 earthquake resistant core houses such as this were built under CSRRP. Based on the successful implementation of a similar project in Aceh, the GoI selected this community-based model for the reconstruction and rehabilitation of housing in Java.

(Photo from CSRRP Collection)

The Community-based Settlement Reconstruction and Rehabilitation Project (CSRRP) makes up most of the JRF fund allocation. Based on the successful implementation of a similar project in Aceh, the Government of Indonesia

selected this community-based model for the reconstruction and rehabilitation of Java. Project activities are implemented in the two provinces affected by the May 2006 earthquake, DIY and Central Java, as well as in parts of West Java affected by a subsequent earthquake and tsunami

later the same year. Altogether, CSRRP covers nine districts, working in 270 villages in 60 sub-districts.

The project has four main components:

(1) Providing Housing Structures, (2) Recovering Community Infrastructure, (3) Capacity Building of Local Governments and Communities, and (4) Overall Project Management.

The Housing Structures Component, with transitional housing shelters as a sub-component, prioritized meeting interim shelter as well as permanent housing needs. In line with the Government of Indonesia's housing priorities, providing permanent housing was of top concern. Work on this through the CSRRP got underway early in the reconstruction efforts, and was concentrated in 104 villages in Klaten district, Central Java Province, and 64 villages in Bantul district in Yogyakarta Special Region.

Community infrastructure funds were provided to reconstruct basic community infrastructure to support a quicker response to the housing reconstruction needs. Additional key community infrastructure was prioritized after housing needs had successfully been met. The project's Community Infrastructure component includes developing Community Settlement Plans (CSPs) and mainstreaming disaster risk reduction management strategies into these plans and the design of the community infrastructure. Based on the community requirements and using a participatory planning process, projects are identified and prioritized for implementation. These projects include village roads and footpaths, retaining walls, water supply and sanitation facilities and other community-oriented facilities.

The capacity building component of the CSRRP project provides training to communities and facilitators. Training sessions relate to basic construction methods for housing, and the preparation of CSPs and Disaster Risk Reduction strategies.

Major Achievements

Through the Housing Structures Component, 15,153 permanent houses were built to earthquake resistant standards. This work was substantially completed by March 2008, with minor maintenance works finalized by June 2008. The community-based approach used during this process has led to high beneficiary satisfaction and a high degree of community ownership. A technical audit by two leading universities (Gadjah Mada University in Yogyakarta, and Diponegoro University in Central

The CSP process is being implemented in several phases. Building on its success in the initial 101 target villages, the CSP process is now being replicated in additional villages in Central Java, DIY and West Java. With replication, facilitators and CSP preparation are funded by the local government, and funding for the implementation of good CSPs is provided through the JRF. With additional financing allocated to the project in 2009, the coverage has been scaled up to about 265 villages in conjunction with local government. As of June 30, 2010, the preparation of CSPs had been completed



← This village road with retaining wall and drainage is one of the 1,892 community infrastructure activities initiated through CSRRP by June 30, 2010. Projects are identified and prioritized for implementation based on the community requirements and using a participatory planning process.

(Photo from CSRRP Collection)

Java) reported that the houses are seismic resistant and generally of good quality. Additionally, 2,489 transitional housing shelters were also provided in the earlier stages of the project with the technical support of the facilitators already employed in the areas.

Basic community infrastructure has been restored and the second wave of community infrastructure projects are now being identified and constructed through the CSP process. A total of 1,892 community infrastructure activities have been initiated through June 30, 2010, of which 1,756 have been completed. These include 426 roads and footpaths, 275 bridges, 686 water supply and sanitation activities, and 489 retaining walls built to mitigate future disasters.

in 140 villages and was underway in an additional 125 villages. Other logistical support provided under the CSP component includes signage for evacuation routes, access roads, and support to fire departments and waste management programs.

Preservation of the area's cultural heritage has been incorporated into the CSRRP project. A sub-component focusing on heritage is being implemented under the community infrastructure component in four villages in Kota Gede (DIY) and two villages in Klaten. These activities were identified through the CSP process and have been initiated to address social and environmental concerns related to the preservation of cultural heritage. Economic considerations are also taken into account in identifying the heritage-focused activities to be implemented.

Fact Sheet 3: Livelihood Recovery in DIY and Central Java (JRF Livelihood Recovery—GTZ)

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

Grant Amount	US\$10.76 million
Implementation Period	May 2009 – June 2011
Partner Agency	World Bank
Implementing Agency	Deutsche Gesellschaft für Technische Zusammenarbeit GmbH (GTZ)
Disbursements	US\$2.57 million

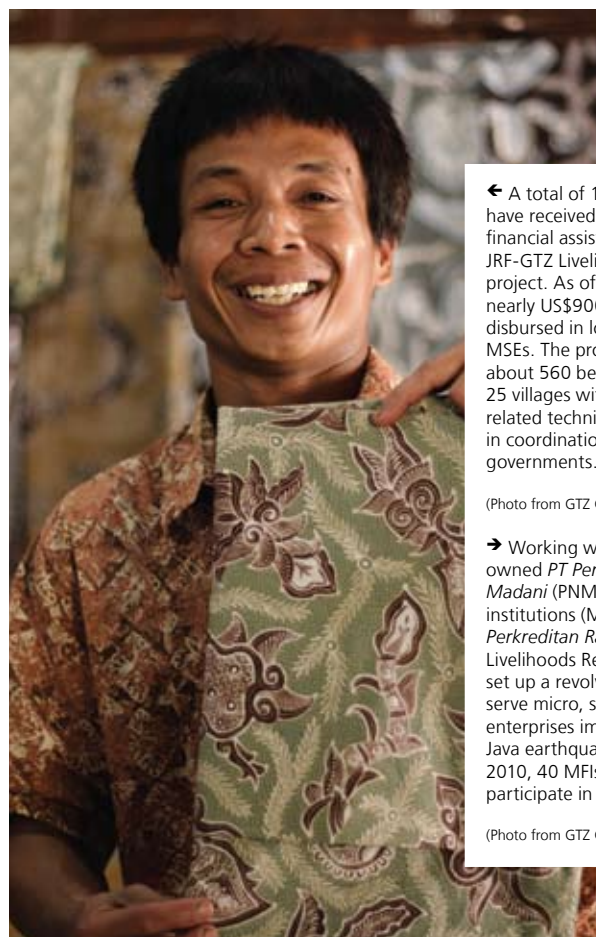
The GTZ Livelihood Recovery project aims to ensure a sustainable revitalization of micro, small and medium enterprises (MSMEs) through enhancing their access to working capital and sustainable income generating opportunities. MSMEs affected by the earthquake are assisted through access to finance combined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

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

The Access to Finance component provides technical and financial assistance to eligible micro and small enterprises (MSE). Loans are made available to MSE through the state-owned *PT Permodalan Nasional Madani* (PNM), which serves as the apex institution for the revolving loan funds, and a number of partner financial institutions including

Bank Perkreditan Rakyat (BPR) and cooperatives. Technical assistance (TA) is provided to eligible MSE in close cooperation with the district governments. Supporting TA is also provided to participating financial institutions to ensure broad outreach and the sustainable use of the revolving credit fund.

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



← A total of 1,744 beneficiaries have received technical or financial assistance from the JRF-GTZ Livelihoods Recovery project. As of June 30, 2010, nearly US\$900,000 had been disbursed in loans to 1,180 MSEs. The project has provided about 560 beneficiaries in 25 villages with business-related technical assistance in coordination with local governments.

(Photo from GTZ Collection)

→ Working with the state-owned *PT Permodalan Nasional Madani* (PNM) and microfinance institutions (MFIs) such as *Bank Perkreditan Rakyat* (BPR) GTZ's Livelihoods Recovery Project has set up a revolving loan fund to serve micro, small and medium enterprises impacted by the Java earthquake. As of June 30, 2010, 40 MFIs had applied to participate in this program.

(Photo from GTZ Collection)

Major Achievements

Setting up appropriate and accountable institutional arrangements and mechanisms for loan disbursement is essential for a successful micro-finance project. The project was initiated with a workshop held in Solo in June 2009 to introduce the project and coordinate with local governments. By December 2009 the revolving loan fund system for Components 1, 2 and 3 was established within PNM and the credit scheme and disbursement mechanism were operational. As of June 30, 2010, 40 microfinance institutions (MFIs) had applied to participate in the program, and 11 MFI credit applications had been approved for approximately US\$1.47 million. Nearly \$US1 million in loans had been distributed to micro, small and medium enterprises. The project is expected to reach its target of 10,000 MSE beneficiaries by the closing date of June 30, 2011.



A total of 1,744 beneficiaries have received technical or financial assistance from the project. Nearly US\$900,000 has been disbursed to MFIs for distribution as loans to 1,180 MSE as of June 30, 2010, with further applications in process. The average loan size is around US\$775. Technical assistance has been provided to 564 MSE

in 25 villages in coordination with seven district governments. Participating MSE have improved their capacities through production skills trainings in the following productive activities: furniture/ carpentry, food processing/snacks, organic fertilizers, handicrafts, weaving, batik, and garment production. In addition to production skills training, 336 MSE received follow-up training in basic entrepreneurship skills and group development. Marketing initiatives supported by the project helped these MSEs to access new markets.

The process of identifying and assessing defaulting loans is ongoing. A “mobile help desk” has been established to compile and analyze information about MSMEs and provide advisory services to BPRs and defaulting borrowers. Cooperation agreements have been signed with 12 BPRs. The loans of 838 defaulting BPR debtors have been assessed and 761 out of these were recommended for the development of individual work-out strategies. Loan work-outs have been developed for 459 of these debtors, out of which 139 have so far fully repaid their loans. Earthquake-related non-performing loans at the 12 participating BPR have been reduced by 14% since December 2009. Training on credit analysis and management of defaulting loans has been provided for 147 loan officers from 78 BPR. The training increases portfolio management capacities of loan officers with the aim to decrease loan loss risk and improve the soundness of the MFI.

The process of identifying and assessing medium enterprises is ongoing, mainly in the furniture and handicraft sectors. The project has assessed 67 companies as of June 30, 2010. Of these, 19 have so far been supported with training and marketing assistance. Five eligible medium enterprises have received loans as of June 30 amounting to a total of almost US\$100,000. Early evidence indicates that the project’s support measures are effective in creating additional employment.

Gender inclusiveness is embedded in all components of the project. The project targets at least 30% participation of women. As of June 30, 2010, 40% of borrowers and 53% of beneficiaries receiving technical assistance are women.

Key achievements as of June 30, 2010

MSMEs increase their net business income	Too early to assess impact on beneficiary incomes, progress to date includes: <ul style="list-style-type: none"> • Establishment of the microcredit scheme and disbursement mechanisms • 40 MFI have applied for loans • 1,180 MSE received loans (40% headed by women)
MSMEs with BPR loans in arrears repay their loan and restore their creditworthiness	<ul style="list-style-type: none"> • Individual loan work-outs developed for 459 MSME • 139 MSME have fully repaid their loans
Strengthening MFI: The number of non-performing loans (NPL) caused by the earthquake drops. Participating BPR increase the actual loan portfolio quality.	147 loan officers of 78 BPR trained on credit analysis & defaulting loan management NPL caused by earthquake decreased more than 14 % (based on data from 12 cooperating BPR)
Assisted medium-sized enterprises (ME) increase employment (including employment in value chain)	Too early to assess outcomes. Progress to date includes: <ul style="list-style-type: none"> • 9 MEs have applied for loans • 5 loans disbursed (nearly US\$100,000) • Identification and assessment of 67 MEs completed (out of this 19 headed by women). • 19 MEs participated in seminars and fairs for marketing assistance

The project closing date was extended until June 30, 2011, in line with the JRF mandate, to allow sufficient time to reach the target of 10,000 beneficiaries receiving microfinance services. This target does not include the number of borrowers who will benefit from revolving funds after the first loans have been repaid. The revolving loan funds are anticipated to continue benefitting livelihood recovery and business expansion for MSMEs in Central Java and DIY for up to 10 years after the project's closing date. As part of the project's exit strategy, local government capacity is being developed to monitor the on-going microfinance activities after the project ends. Additional financing to the project to enhance this exit strategy is under consideration.

Information and coordination meetings about project progress and planned activities are held regularly with participation of the governments of Central Java and Yogyakarta as well as the districts. Regular coordination with JRF's other livelihood recovery project implemented by IOM is essential so that MSEs identified and provided capacity building technical assistance by IOM will be able to apply for loans through the GTZ project.

Ensuring transparency and accountability in project implementation is a high priority. A complaint handling mechanism has been set up which includes 24-hour hotline access, e-mail address, and a five day response time. The project's website is: www.gtz-jrf.org



← Restoring medium enterprises, such as this crafts workshop in Bantul, to their full capacity and creating opportunities to improve their competitiveness are activities implemented through the GTZ Livelihoods Recovery project. As of June 30, 2010, the project has assessed 67 companies for support through training and marketing assistance.

(Photo from GTZ collection)

Fact Sheet 4: Access to Finance and Capacity Building for Earthquake Affected Micro and Small Enterprises (JRF Livelihoods Recovery—IOM)

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

Grant Amount	US\$4.48 million
Implementation Period	March 2008 - June 2011
Partner Agency	World Bank
Implementing Agency	International Organization for Migration (IOM)
Disbursements	US\$2.76 million

The project objective is to be achieved through the implementation of four project components: (1) Assessment and Selection of MSE Beneficiaries, (2) Asset Replacement, (3) Assistance for Market Access, and (4) Capacity-building Technical Assistance. A planned access-to-finance component was cancelled based on the recommendation of the project's mid-term review in 2009 and the project now seeks to bridge MSE financing needs through targeted capacity-building trainings and direct referrals of beneficiaries to the JRF's Access to Finance project implemented by GTZ. Funds allocated for this component were reallocated to the other four components implemented by IOM.

The project adopts a grass-roots approach that provides direct assistance to individual MSE while also promoting community resilience and sustainability. This is achieved through concrete disaster-risk reduction (DRR) measures implemented at the community level, government capacity-building workshops and through the rehabilitation of vital community assets. In order to restore MSEs pre-earthquake production level and increase commercial relations, IOM replaced production tools and equipment and provided training and advisory services on business development planning, efficiency of production processes, product design, and finishing, packaging and clean production in a variety of sectors.

The project works with national and local implementing partners to deliver projects in order to achieve a more sustainable impact. These partners include the Indonesian Chamber of Commerce and Industry (KADIN) and various local NGOs. Coordination and collaboration with local governments from the provincial to the village level has been key to ensuring smooth project exit and handover of activities to local stakeholders when the project closes.

Project sites are selected in close collaboration with JRF's parallel livelihood project implemented by GTZ. This process creates synergy between the two projects and ensures that there is no duplication of activities.



↑ This silver jeweler has improved her business and technical skills as a result of training and marketing assistance provided by JRF-IOM Livelihood Recovery project. IOM is assisting more than 3,000 micro and small enterprises, of which nearly 49% are enterprises managed or owned by women.

(Photo from IOM Collection)

This is one of two JRF projects that aim to support the recovery of livelihoods in the earthquake affected areas in Yogyakarta and Central Java. The objective of this project,

implemented by the International Organization for Migration (IOM), is to assist at least 3,000 micro- and small enterprises (MSE) in restoring their pre-disaster operating capacity in various districts of Yogyakarta and Central Java affected by the devastating May 2006 earthquake.

The project also coordinates with the JRF housing project to capture existing synergies in infrastructure and disaster risk reduction activities. The JRF-IOM Livelihood Recovery project operates in selected areas in the Yogyakarta Special Region (Bantul, Kulon Progo, Sleman and Gunung Kidul districts), and in Central Java province (Klaten, Sukoharjo and Boyolali districts).

Major Achievements

As of June 30, 2010, the project has shown significant achievements in supporting livelihood recovery in the targeted areas. IOM has identified more than 3,000 MSE in 18 villages through beneficiary assessments, exceeding its initial targets. Of these, nearly 49% are enterprises run or owned by women, compared to the target of 30 percent. The ongoing intervention efforts, which began in March 2008, are contributing to the recovery efforts of earthquake affected MSE in Yogyakarta and Central Java Provinces. Under the Asset Replacement component the project has provided assets to 2,885 beneficiaries covering a range of productive activities including livestock and vegetable production, agro-food processing, zinc tile production, and various handicrafts such as batik and silver jewelry. In November 2009 IOM finalized works and inaugurated an irrigation system benefiting 127 farming MSE/households in Kebon village, Klaten district in Central Java.

Beneficiary surveys indicate that improving access to markets remains a high priority for MSEs. Under the Assistance for Market Access component, the project has facilitated a total of 768 beneficiaries to attend local and national-level fairs and exhibitions. IOM also facilitates networking events for beneficiaries through a variety of marketing and product innovation workshops. IOM works with Village Promotion Teams to strengthen links with potential buyers and promote the expansion of market access opportunities. A total of 2,265 MSEs have attended cross-visits to expand business networks and promote better information access in the livestock, batik, fisheries and other sectors. These cross-visits were conducted in cooperation with IOM's partner organizations KADIN, *Bina Swadaya* and the Institute for Study &



← Beneficiaries at a training session presented by IOM. A total of 3,004 MSEs have participated in training for a range of production and business development skills which include bookkeeping and development of business plans.

(Photo from IOM Collection)

→ Through the Assistance for Market Access component, the IOM project has facilitated the attendance of 768 beneficiaries at local and national level fairs and exhibitions.

(Photo from IOM Collection)

Improvement of Development Resources (LPPSP), a Semarang-based NGO.

The Capacity Building and Technical Assistance component encompasses government and civil society capacity building as well as technical assistance for MSEs. A total of 3,004 MSEs have participated in technical skills training for a range of production activities including livestock and handicraft production. In addition, the project provides MSEs with business development training which includes bookkeeping and the development of business plans. A course on access to finance has been introduced that aims to increase participants' knowledge regarding microfinance institutions and their financial products in order to enhance their ability to access micro-credit for business expansion. The project supports the development of sector-specific producer groups through training and regular meetings. IOM is successfully nurturing links between these producer groups and relevant government agencies at the district level, enabling the groups to become increasingly independent from project support as IOM gradually phases down activities.

Key achievements as of June 30, 2010	
Number of MSE receiving and using assets in production	2,885 (of which 46 % are women)
Number of production/public facilities restored	<ul style="list-style-type: none"> • 1 Community Centre • 1 Irrigation System • 18 production facilities • 44 communal livestock pens • 1 Biogas Plant • 150 m drainage system upgraded • 100 m community road rehabilitated
Number of MSE with improved market access	2,265 (of which 51 % are women)
Number of MSE facilitated in fairs / expos	768 (of which 71 % are women)
Number of MSE participating in technical assistance	3,004 (of which 49 % are women)
Number of MSE with financial records	2,947
Number of MSE with business plans	2,807 (of which 52 % are women)



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

Strong partnership with local government is ensured through regular communication and consultation. The project conducts regular on-site joint monitoring missions with provincial and district governments in addition to coordination meetings. Regular coordination with JRF's other livelihood recovery project implemented by GTZ is essential so that MSEs identified and provided capacity building technical assistance by IOM are given opportunities to apply for loans through the GTZ project.

Communications and outreach contribute to transparency and accountability in project implementation. The project operates a special SMS hotline as a transparency and anti-corruption mechanism which offers beneficiaries and communities an avenue to report incidences of fraud or other grievances associated with the project implementation. No incidences of fraud have been reported to date but this mechanism is frequently utilized by beneficiaries to request information about the program. Project information is disseminated through JRF-IOM information boards erected in all target communities as well as through the project's website: <http://www.iom.or.id>

The project has received significant coverage in local, national and international media, including by the BBC World Service, Voice of America and Australian and Danish Broadcasting Corporations. A video documentary showcasing achievements of the project has been produced and is available on the JRF website.

The project closing date has been extended to June 30, 2011, in line with the extended mandate of the JRF. This will allow additional time for implementing activities, including capacity building for local government. The project is on track to reach its targets. Additional financing of US\$1.5 million to expand the project to reach an additional 1,300 beneficiaries and strengthen its exit strategy is under consideration.

Map of JRF-Funded Activities in Central Java, Yogyakarta and West Java



West Java



Indonesia

LEGEND

- IOM
- GTZ
- REKOMPAK
- PROVINCE BOUNDARY
- DISTRICT BOUNDARY



Yogyakarta & Central Java

PROGRESS REPORT 2010

ENHANCING COMMUNITY RESILIENCE FOR A SELF SUSTAINING FUTURE



Republic of Indonesia



European Union



Netherlands



United Kingdom



ADB



Canada



Finland



Denmark



THE WORLD BANK

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