



PEMERINTAH DAERAH NIAS DAN NIAS SELATAN



BADAN REHABILITASI DAN REKONSTRUKSI (BRR)



BAPPENAS

**CATATAN KONSEP PROYEK
(PROJECT CONCEPT NOTE)**

**PROYEK TRANSISI PULAU NIAS
(THE NIAS ISLANDS TRANSITION PROJECT)**

SEPTEMBER 2008

CONTENTS

Executive Summary	iii
1. Project Title	1
2. Proponent Information	1
3. Development objectives of the Project	1
4. Relevance of the Project Concept	1
5. BRR's Rationale	6
6. Project description	6
8. Sustainability and Capacity Building	17
9. Implementing Agency	18
10. Risks and Dependencies	19
11. Alignment with the Masterplan and Regional Development:	21

ANNEXES

Annex 1 – Budget and Gantt Chart	22
Annex 2 – Organisational Structure Chart for NITP	23
Annex 3 – Results and Resources Framework	24
Annex 4 – Government of Indonesia Grant Management Mechanism	30

EXECUTIVE SUMMARY

This project will support the district Governments of Nias and Nias Selatan to efficiently assume the responsibilities, functions, and asset management expertise they will inherit from the BRR in 2009 and develop the capacity they need to effectively lead and facilitate the long-term, disaster-resilient social and economic development of the districts, within the framework of the provincial development plans.

The project has emerged from discussions between the District Governments of Nias and Nias Selatan, the provincial authorities of North Sumatra, BRR, BAPPENAS, the United Nations Development Programme, the World Bank, and key donors, recognising the need for a strategic and systematic approach to the transition from BRR to provincial Government, leading up to, and beyond 2009. The proposals included in this project concept note were discussed in detail at the recent Nias Islands Stakeholder Meeting in Medan.¹

The proposal will meet three linked objectives:

- Firstly,** to provide short-term assistance for the transfer of assets and related responsibilities from BRR to the Provincial Government;
- Secondly,** to strengthen the district and provincial administrations so that they are able to continue the recovery efforts;
- Thirdly,** to ensure that disaster risk reduction is fully incorporated into the relevant plans and regulations and that it is implemented by government bodies, communities and the private sector. This will mitigate the risks unique to Nias Islands and its contemporary development patterns.

These three objectives contribute to the project's development objective, which is to *support the institutional capacity of Nias to secure the legacy of the funds invested in the post earthquake recovery and to enhance district capacity to successfully manage that recovery, whilst applying best practices that improve governance and reduce risks from future natural disasters.*

Nias faces unprecedented challenges: BRR's mandate will expire in April 2009 and it will complete the transfer of its USD 500 million Nias portfolio of assets and projects to mainstream government institutions (mainly at the district level). Many of BRR's assets have been newly created, and a large number of the projects now underway will continue to operate through the transition period. The district governments need assistance with the transfer of ownership and ongoing operational management of major infrastructure, assets and programmes. These ongoing programmes are significant; the two districts will manage a total of USD 30 million in additional development expenditure during 2009. This represents an increase of over 70 per cent on their normal budgets.² They will also need the capacity to play an active role in the USD 20 million MDF-funded infrastructure programme for which the World Bank is partner agency.

Nias has an unprecedented opportunity: Notwithstanding these challenges the current period presents a one-off opportunity for Nias to prepare itself for a better future. Unlike Aceh, Nias is not covered by special autonomy legislation or special grants. It is not as likely to receive extra attention following the end of the tsunami recovery period. Historically, Nias has been the poorest part of North Sumatra. This proposal will enable the district governments of Nias to take advantage of this opportunity to strengthen themselves to

¹ The Fourth Nias Stakeholder Meeting was held on 16 May 2008 in Medan and discussed the transition from BRR. This PCN is based on the conclusions of that meeting.

² Nias Island Public Expenditure Analysis, World Bank, 2007

underpin the legacy of the reconstruction efforts, and use the assets as a basis to accelerate the development of the island in a way that reduces the potential impact of future disasters.

In conclusion: In its initial funding for the Nias Islands, the MDF concentrated its attention on the immediate reconstruction effort. The fresh mandate of newly-elected district governments and the imminent end of the BRR presence has caused a shift in focus. This proposal responds to the urgent need for immediate capacity strengthening for Nias, enabling it to leverage the remaining reconstruction funding in a sustainable manner, manage ongoing recovery and change development patterns so as to be more resilient to disasters.

1. PROJECT TITLE

Nias Islands Transition Project

2. PROPONENT INFORMATION

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3. DEVELOPMENT OBJECTIVE OF THE PROJECT

The development objective of the project is to support the institutional capacity of Nias to secure the legacy of the funds invested in the post earthquake recovery and to enhance district capacity to successfully manage that recovery, whilst applying best practices that improve governance and reduce risks from future natural disasters.

The Nias Islands Transition Project (NITP) has four complementary objectives:

- Objective 1:** provide support to the ongoing BRR and local government transition;
- Objective 2:** strengthen capacity of local government and civil society to continue the reconstruction and rehabilitation after the transition;
- Objective 3:** integrate disaster risk reduction as a part of all future development, including recovery and reconstruction; and
- Objective 4:** ensure the project is managed and implemented in an effective and efficient manner.

4. RELEVANCE OF THE PROJECT CONCEPT

This project meets the urgent need for the Nias Islands to prepare themselves for a new post-recovery role, including ensuring maximum leverage from the large amount of BRR and donor reconstruction investment and ensuring the sustainability of that investment. In addition the project will strengthen the governments and communities of Nias and Nias Selatan, enabling them, inter alia, to become strong counterparts to donors and other government stakeholders.

In part, the urgent demand for this project has been created by the impact of MDF, BRR and other donor financed programmes. The winding down and ultimate departure of BRR will leave an institutional gap in the coordination and leadership of the Nias Islands' recovery. It is thus imperative to support these district governments and transfer the institutional and physical legacy of these activities to mainstream institutions with the aim of ensuring that the recipient institutions possess the capacity to assume the related responsibilities.

Regulation 28/2007 specifies that reconstruction funds from the central government budget (APBN) post-BRR are to be managed by relevant government bodies; in many cases this means local government. The Nias Islands district administrations do not possess experience in managing large-scale investment

programmes or planning and implementing the associated maintenance and operational costs.³ So far, discussions on the transition from BRR have not been synchronised with the approval process for the 2009 budget. Thus the district governments are unlikely to have their own funds available to fully support the requirements placed upon them for smooth transition until 2010. This proposal will provide important bridging support and establish sustainable, disaster resilient governance procedures that can be maintained using APBD funds from 2011 onwards.

An understanding of the unique nature of the Nias Islands further reinforces the institutional urgency for this project. Three main concerns were repeatedly raised during the background consultative work undertaken for the development of this Project Concept Note:

- *Never again a disaster like this.* The Nias Islands are part of one of the most disaster-prone countries in the world; another earthquake like that experienced on 28 March 2005 *will occur sometime*. Ancient Nias architecture has planning and construction standards and disaster risk reduction measures that are lacking in more modern designs because disasters have not been considered in Nias' contemporary development patterns and processes in the same way as they were in the past. Awareness is returning that Nias' society must prepare itself so that any future catastrophe does not result in a disaster like that experienced on Easter Monday 2005.
- *Never again neglect an isolated region like this.* The earthquake together with the widespread international response to it has drawn unprecedented attention to this previously little known corner of Indonesia. This new attention, coupled with the 1999 and 2004 regional autonomy legislation, provides a platform for improving the Islands' situation, provided that adequate resources are made available, and matched by responsible government and effective accountability.
- *Never again apathy in the face of adversity.* Prior to the 1999 decentralisation legislation the people of the Nias Islands had little alternative but to accept decisions of government and business that led to this neglect. Even with this legislative change, civil society has yet to become engaged. Reform has come late to the Nias Islands, and democracy and civil society are still immature. Both politics and civil society are changing to allow the people to be more assertive about their own futures.

It remains to be seen whether these concerns will be met. However it is clear that there is now an opportunity to begin the process, and thus secure the legacy of the recovery work in the Nias Islands. The project design has been carried out with these concerns and challenges in mind.

Project design

This proposal is the product of twelve months of careful deliberation and discussion on strategic options and implementation modalities between the District Governments of Nias and Nias Selatan, BRR, BAPPENAS, the United Nations Development Programme, the World Bank, and key donors. Many of the elements of this project were discussed in full at the Nias Stakeholder Meeting in Medan on 16 May 2008.

NITP has been developed to support a combination of strategic planning, capacity building and change management resulting in some new methods of working. The project concept aims to ensure regional governments can fully manage their responsibilities into the future, thus underpinning the sustainability of the wide-ranging recent and planned investments. The project addresses the three key challenges facing the district administrations. Each project immediate objective is designed to help meet these challenges.

³ See [Nias Public Expenditure Analysis](#) World Bank, July 2007. This document outlines the evolution of public expenditure in Nias and notes that the sharp rise in resources has not been matched by a concomitant increase in capacity.

Firstly, how to **ensure a smooth transition process** during which projects, programmes and assets are transferred to district governments. This is a multi-tiered exercise. Each individual asset or project will have its own 'transition path'. There are transition strategies for individual districts and there is an overall transition strategy and transition management process. This project will ensure a strategic and integrated approach to this process.

BRR was established as an innovative public sector agency. It was granted extensive powers and recruited specialised staff. Evidence has shown that regional governments were not always in a position to assume the role of effective counterparts. Compared with Aceh, this situation was even more evident in Nias due to its isolation from the provincial government in Medan. In some ways BRR replaced, or at least displaced, the Nias Islands' local government agencies. BRR came to play a significant role in the governance and reconstruction of the Islands. The impending closure of BRR will create many capacity gaps – and others will in all likelihood become apparent later. The district governments are not currently able to fill these gaps. NITP has been designed to provide immediate strengthening to the district governments to enable them to smoothly replace the outgoing BRR. Geographical, cultural and institutional distinctions mean that the departure of BRR from the Nias Islands will logically take a different route to that pursued in Aceh.⁴

Secondly, **strengthening the capacity of the Nias Islands to sustain the recovery** and to lead and manage longer-term socio-economic development. This will be essential for a reduction in the high levels of poverty in Nias and Nias Selatan. A key issue is the local government's ability to effectively utilize and allocate the sharp increase in financial resources made available through the ongoing reconstruction and recovery programmes (both government and donor) *before* the funds available return to lower levels. This will require enhanced governance capacity and greater integrity in public life. Central government is considering a "special deal for Nias" similar to that of Papua and Aceh (though excluding any additional autonomy).⁵ This may provide additional APBN resources to the province.

BRR and other agencies have not only repaired the damage caused by the 2005 earthquake, but in many cases they have repaired other dilapidated infrastructure regardless of the cause of decay. For example, over 600 bridges have been repaired in the Nias Islands. The MDF is considering financing the USD 20 million Livelihoods and Economic Development Programme. This investment is changing expectations.

Whilst the communities in the Nias Islands are amongst the poorest in Sumatra, expectations are high that this time Nias can make the qualitative leap necessary to escape the poverty trap. These hopes may not be met if the district and provincial governments are not able to fully assume their responsibilities.

Thirdly, **to build disaster risk reduction (DRR) components into all government and community level development decision-making processes**. Unlike in Nias' history, disasters have not been adequately considered as a part of modern development planning on the Islands. The tsunami and earthquake demonstrated a strong need to ensure that future development patterns do not result in the vulnerable economic, social and physical development that led to the damage caused by the Easter Monday 2005 earthquake, or damage from floods or landslides.

The project will respond to this challenge by putting governmental systems (DRR policies, institutions, action-plans, disaster risk reduction coordination mechanisms, disaster impact assessments, budgets, DRR practices as a part of community led development) in place that

⁴ Sabandar, Willy. Policy paper on BRR exit strategy for Nias Islands. October 2007.

⁵ This would be similar to the Presidential Instruction 5/2006 on speeding up development of Papua and West Papua, through which central agencies are encouraged to direct resources to those regions. This proposal was announced by the Coordinating Minister for Social Affairs in November 2007 at the opening of the Gunung Sitoli hospital.

acknowledge and, where feasible, address the underlying systemic causes of disasters in the Nias Islands in ways that have not been part of modern development practices.⁶

With respect to all three challenges referred to above, the district governments have agreed the following broad sequence. NITP has been designed to interlock with this schedule.⁷

- i. *A strategy preparation period* until the end of April 2008. The outputs of this proposal were prepared in parallel with the *Musrenbang* planning process and preparations of the Rencana Aksi (action plan) for ongoing reconstruction funding for 2009. This process ended with the presentation of the substantive contents of this PCN to BRR's 4th Nias Islands Stakeholder Meeting (NISM 4). This PCN is a result of this strategy preparation.
- ii. *A planning and budgeting period* running until October 2008, when national budgets will be agreed, and local government budgets debated. This coincides with the completion of BRR's construction responsibilities.
- iii. *A commissioning period* in which BRR is able to provide back-up to local government efforts of coordination and commencement of the 2009 programme in the period BRR completes its reporting responsibilities, up to April 2009. This short period coincides with the run-up to national elections.
- iv. The budget period for the *first year of local responsibility*, and the three months following in which performance is reported and evaluated, up to April 2010
- v. *A further period for establishing the programme for Speeding-up Development of the Nias Islands*, extending till the end of the term of office of the Bupatis (anticipated early 2011).
- vi. A final period covering *one full year after the next Bupati elections*.⁸

Links to other governance-related programmes:

The NITP has not been designed in isolation but has been developed with the Nias Islands and Provincial administrations as part of their strategy to strengthen their capacity to leverage the ongoing recovery, development and governance programmes in Nias. Complementary areas and activities which the project will link with and, by extension, support can be loosely defined in the following five categories:

- The USD 30 million of APBN programmed for 2009.
- KDP / SPADA community-led development programmes that operate in Nias. These are linked to national programmes but have Nias specific characteristics and are more focused on overarching capacity development rather than specific governance and capacity building needs required to enable local government to better manage reconstruction activities post-BRR.
- The Strengthening Civil Society Organisations project, implemented by UNDP in collaboration with local government and civil society organisations in Nias.
- BRR infrastructure programmes (including ADB, IRFF), the UNDP Tsunami Waste Management Project and the WFP Shipping Services.

⁶ These DRR policies have been developed and tested elsewhere in Indonesia and are detailed in Annex 2. Their application to Nias will be context sensitive.

⁷ Podger, Owen. *Transition Strategy and Programme in Nias Islands*. Background Paper for the preparation of this PCN May 2008.

⁸ Current policy is for the next elections in South Nias and Nias to be November 2010 and February 2011.

- Livelihoods activities, including the USD 12 million Livelihoods and Economic Development programme under consideration by the MDF.

The NITP will also be linked through BRR to the "*Aceh Government Transformation Programme*" (AGTP) and the "*Making Aceh Safer Through Disaster Risk Reduction in Development*" (DRR-A) project⁹. While designed as two separate initiatives, the AGTP and the DRR-A will be jointly implemented with the support of UNDP.

With regard to disaster risk reduction the NITP will be included as a part of the Government's national umbrella programme "*Safer Communities Through Disaster Risk Reduction in Development*" (SC-DRR) being implemented by the National Development Planning Agency (BAPPENAS) under the guidance of its Executive Project Board that consists of BAPPENAS, as Chair, BNPB (National Disaster Management Agency) as Vice-Chair, MoHA (Ministry of Home Affairs) and UNDP. While the majority of the SC-DRR activities to date have been focused on national level initiatives required to put the necessary policy, legal, regulatory, institutional and DRR public awareness systems in place, SC-DRR is in the process of initiating a number of provincial and district level initiatives, which will learn from and inform the local level DRR processes that will take place as a part of the NITP project.

There is an established structure for coordination of these rehabilitation efforts in Nias based around the Nias Islands Stakeholder Meeting (NISM) forums. NISM comprises central, provincial and local government representatives, community leaders, religious leaders, civil society groups, members of the local legislatures and the donor and NGO community involved in reconstruction activities in Nias. BRR held the first Nias Islands Stakeholder Meeting (NISM) on 6 December 2005 in Jakarta. NISM aimed to take stock of progress thus far, identify gaps, and seek further support from donors. At NISM BRR estimated that approximately 70,000 persons became homeless and that the reconstruction for the first four years would require USD 1 billion.

The second NISM was held in Nias on 17-18 January 2006, with attendance by almost 180 participants. At the plenary, BRR reported that the total estimated damage was some USD 400 million. USD 1 billion was needed to build back Nias "better." In order to move forward by building on the results of NISM 1, the BRR Nias Head listed as key targets:

- consolidated baseline data;
- improved coordination between all stakeholders;
- creation and implementation of standards;
- effective distribution of information; and
- improvement of logistics conditions.

As in NISM 1, breakout sessions (led by BRR and UNORC) covered key themes: humanitarian and recovery; housing, logistics and communications; good governance; economic development; and rehabilitation and reconstruction management. Each produced a strategy and plan of action for 2006 which formed an integrated Nias Recovery Work Plan – it is this work-plan that will be completed by the remaining recovery funds following the expiry of BRR's mandate in 2009.

The Third Nias Islands Stakeholders Meeting (NISM 3) was held on 8 March 2007 in Jakarta, where BRR outlined its priorities in housing, infrastructure, the economy and human/institutional development for the coming two years. In preparation for the meeting BRR had organised a half-day technical working group meeting in Gunung Sitoli on 13 February and invited UN agencies, the Red Cross Movement and international NGOs to provide inputs into BRR's technical breakout sessions. UNORC provided BRR with

⁹ It has also recently been agreed between BRR and BAPPENAS that the "*Making Aceh Safer Through Disaster Risk Reduction in Development*" (DRR-A) project will be implemented under the umbrella of the "*Safer Communities Through Disaster Risk Reduction in Development*" (SC-DRR).

up-to-date information on housing construction.

NISM 4 was held in Medan on 16 May 2008. The focus of this meeting was the transition from BRR and the continuation of the recovery under local management. The NITP project concept, presented to the meeting, was developed by the local governments of the Nias Islands in consultation with the local community. In commending the proposal for support to transition, the head of Nias BAPPEDA commented that the transfer from BRR to districts is “like passing on the baton in a relay race”.¹⁰ This analogy is useful because in such cases the runner who is receiving the baton needs to speed up as the retiring runner is slowing down.

This section has outlined the relevance of the project concept. The next short section of the document will examine BRR’s rationale for the project – this will be followed by a detailed project description.

5. BRR’S RATIONALE

BRR recognises that the impact of its reconstruction effort depends on their integration into the longer-term plans, budgets and development objectives of provincial and district governments and the communities they serve. The Nias Islands district governments requested BRR and MDF support in ensuring this integration and this proposal is part of the response.¹¹ BRR has recently presented its transition programme to BAPPENAS and to the MDF Steering Committee, and the final revision of the Masterplan has been approved. This proposal has been designed together with BRR and will interlock with the BRR transition strategy – as explained in this document.

BRR also notes the conclusion of the 2007 European Commission monitoring report of its MDF-funded Technical Assistance programme.¹² This evaluation concluded “*how the transition period is managed will likely affect the long term perception of how successful development assistance is in dealing with the disaster*”. The report recommended making sufficient resources for technical assistance (TA) available in order to underpin this transition. This proposal ensures that, for the Nias Islands, the Provincial and District Government will benefit from such TA.

6. PROJECT DESCRIPTION

As noted previously the development objective is to support the institutional capacity of Nias to secure the legacy of the funds invested in the post-earthquake recovery and to enhance district capacity to successfully manage that recovery, whilst applying best practices that improve governance and reduce risks from future natural disasters.

The revised Master Plan (Presidential decree 47/2008) clearly defines the key development outcomes that the Province of North Sumatra and the two district governments must achieve to ensure the outcomes of reconstruction and rehabilitation are fulfilled. The Nias Islands Transition Project will enable the Provincial and local governments to sustain the achievements of the past three years, and to continue to fulfil the outcomes identified in the Master Plan.

The vision of the Presidential Decree with respect to Nias is to restore the livelihoods of the people of Nias after the earthquakes and tsunami. To achieve this, the President has decreed reconstruction and rehabilitation activities in Nias are based on the following objectives:

¹⁰ Agustinus Zega, Head of Nias Bappeda

¹¹ This request was tabled at the NISM 4 meeting and has since been endorsed by BAPPENAS and BRR. Annex 2 is the background paper to this PCN that was presented at NISM 4.

¹² Monitoring Report Indonesia – ID – Technical Support for the Badan Rehabilitasi dan Rekonstruksi (BRR) NAD-Nias. MR-20670.01 – 28/09/07

- i. To improve the quality of the region's human resources;
- ii. To develop and manage natural resources sustainably;
- iii. To build a competitive and fair regional economy based on a livelihoods approach;
- iv. To rebuild houses and residences for the victims of disaster to restore communities and restore basic infrastructure;
- v. To develop an organized and efficient infrastructure system;
- vi. To develop and preserve the cultural values and traditions in Nias that support sustainable development;
- vii. To build the capacity of the Provincial and local governments.

The Government of Indonesia has prioritized completing the remaining infrastructure, economic development and capacity building over the next two years. It has acknowledged that AGTP is providing critical support to the Province of Aceh and that targeted technical assistance is required to further develop the capacity of the two districts in Nias.

NITP has four complementary *objectives*:

- Objective 1:** provide support to the ongoing BRR and local government transition;
- Objective 2:** strengthen capacity of local government and civil society to continue the reconstruction and rehabilitation after the transition;
- Objective 3:** integrate disaster risk reduction as a part of all future development, including recovery and reconstruction; and
- Objective 4:** ensure the project is managed and implemented in an effective and efficient manner.

This section of the document will describe each in turn.

Objective 1: Provide support to the ongoing BRR and local government transition

A successful transition from BRR to provincial and local governments will safeguard the still fragile legacy of the resources invested by donors and the Government into rebuilding the Nias Islands. That success will depend on the readiness, preparedness, capacity and strength of the Provincial Government to absorb assets, projects and functions from BRR. Although BRR will finish its mandate in April 2009, the Government has acknowledged BRR will not complete all outstanding tasks by this date. It has therefore proposed to establish a "Rounding Up (Penuntasan) Team" to complete all outstanding transition work. This team will most likely be based in the Ministry of Finance, starting work in January 2009 and operating throughout the year. The transition therefore includes activities managed by BRR *and* the Rounding-up Team being passed to local government. It is considered that two outputs will be required to meet this immediate objective.

Output 1.1 - BRR systems to coordinate and implement the reconstruction programmes are integrated into local government.

The international community has recognised the significant leadership role played by BRR. In 2009 local government will assume these responsibilities. To ensure reconstruction targets are met, BRR has established appropriate systems to effectively manage and coordinate activities in Aceh and Nias over the last 3 years. The systems developed by BRR are recognised by the Ministry of Finance as best practice, with the Ministry of Finance adopting approaches developed by BRR. After 2008, local government will assume these responsibilities and needs to integrate BRR's systems into its own structures. The

integration of these systems into local government will also improve local government capacity to better manage development programmes.

Almost half the total funds for reconstruction have yet to be spent, with the largest remaining items being rural roads and housing in isolated areas. Ongoing reconstruction will be managed within arrangements and budgets currently being prepared by the local government, with a significant contribution (estimated at USD 50 million) from central government funds. It is anticipated that a Presidential Regulation will be prepared by the end of October 2008 which will define post-BRR mechanisms for oversight.

The project will support the establishment of a committee in each district that will replace the existing joint secretariats and district offices established by BRR and be responsible for reconstruction coordination. For example, candidates for managing reconstruction post-BRR have already been identified and placed in BRR to work alongside BRR staff, and take increasing responsibility for the work in BRR, particularly in the district offices.

The initial preparation work and consultations envisage the following activities:

- Support to the tendering and procurement processes for the reconstruction and recovery work that will use national funds under district management.
- Transfer BRR processes and systems to district and provincial government. BRR has established management information systems, planning frameworks and quality assurance procedures that are recognised by the central government as best practice in Indonesia. Spatial information systems developed by the Asian Development Bank and other donors need to be integrated into planning systems. As BRR is a central government agency they will need to be adapted to meet Provincial and local government regulations that are specified by the Ministry of Home Affairs.
- Maintain monitoring and evaluation information system. BRR has established a monitoring and evaluation information system to monitor the effectiveness of off budget and on budget reconstruction activities. For example, the information system provides appropriate gender disaggregated data on the number of women who are benefitting from reconstruction activities. BAPPEDA Nias and Nias Selatan will be trained to maintain this information system and incorporate information extracted from the system into its planning process.
- Support to the identification of critical geographical or thematic areas that require immediate assistance in order to secure the recovery. For example, are there still gaps in the provision of electricity, reconstruction and other basic requirements. The project will support the identification of ways in which the remaining recovery funds can address these gaps.
- Provide specific professional technical support to district administrations to enable them to complete key reconstruction tasks. For example, quantity surveyors for the remaining tenders to be managed by the districts.

Output 1.2 - Assets derived during BRR's mandate transferred to the appropriate beneficiaries.

The financial management law (UU 17/2003) requires all assets, loans and grants to be included in budgets, but the implementing regulations have only recently been completed. BRR has established spatial information systems to document assets developed during the reconstruction phase by on budget and off budget funding. Support to asset transfer and planning of the long-term operation and maintenance costs for the new assets are critical elements of NITP. An additional challenge will be to ensure that these costs are included in the 2010 budget, prepared during 2009. The ADB has developed frameworks and systems to better assess operations and maintenance costs for infrastructure. Further support will be required to

institutionalise these systems. This may require a reassessment of long term district staffing requirements and an appropriate mechanism for assisting talented staff of BRR and other reconstruction agencies to find post disaster employment on the islands, thus helping to retain the 'institutional memory' of the recovery.

Community assets will be handed over to communities. Female and male household heads will be acknowledged as receiving houses built during the reconstruction phase and receiving household assets (livestock, machinery etc).

Preliminary assessments indicate the following activities for this output.

- Support asset evaluation and assignment on the books of the appropriate district government body, and support integration of ongoing programmes within district government departments.
- Support calculation of and planning for the long-term costs of managing the assets and programmes transferred, including long term staffing scenarios and strategies for meeting these costs, limited support to official transfer events (official ceremonies related to the closing of BRR and the transfer to district governments).

Objective 2: Strengthen capacity of local government and civil society to continue the reconstruction and rehabilitation after the transition.

The NITP will support government and civil society in addressing the challenges that lie ahead, strengthen the democratic foundations of governance, and enhance the capacity of government to continue the recovery into the future, taking advantage of the current opportunities facing Nias. The focus of this component is to enhance the sustainability of the significant USD 500 million investment to date that donors and the central government have allocated to Nias. NITP will complement programmes such as Nias LEDP and SPADA, ensuring that they are fully effective and that local government is in a position to leverage their funds and integrate their results into mainstream government structures supported by long term state financing. It will do this by building the sustainable capacity to mainstream and to manage the assets and programmes developed over the last three years in the longer term. Two outputs are envisaged to meet this objective.

Output 2.1 - Government agencies coordinate and implement post-BRR responsibilities.

Several provincial and local government agencies will play a key role in fulfilling the outcomes of the (revised) Master Plan. At the Provincial level the two main agencies will be (i) the District Secretary's (Sekda) office, which is responsible for coordinating all reconstruction activities in Nias at the Provincial level and (ii) BAPPEDA which should ensure that appropriate resources are allocated by the Province to operate and maintain Provincial infrastructure in Nias. BAPPADELDA will also be involved in NITP to ensure environmental and social monitoring systems are in place to monitor and assess potential future social and environmental impacts.

At the district government level the District Secretary and his/her sub-units will play a key role in the coordination of reconstruction activities. Other key local government institutions involved are as follows:

- BAPPEDA - to ensure reconstruction activities are mainstreamed into the development budget and budgets are allocated for operations and maintenance;
- Inspectorate (Agency for expenditure oversight and control) - to ensure reconstruction funds the local governments are effectively monitored;
- Agency for Finance and Assets – to update and maintain the asset register;

- BAPPADELDA – to ensure environmental and social monitoring is in place.
- Department of Women's Affairs - to ensure the needs of women are appropriately addressed in the post-BRR reconstruction. The Department will assess the current impact of reconstruction on women and identify areas where assistance could be reprioritised or addressed in the district development budget.

It is assumed that NITP will not provide capacity building to the technical Government departments in Nias, as they are already receiving support from other agencies.¹³ All agencies involved in implementing reconstruction activities through project management units (or Satkers), will be assessed to ensure that they have qualified project managers, finance managers and procurement specialists. Those institutions that are assessed as having inadequately qualified staff will undertake Ministry of Home Affairs accredited training to ensure possession of appropriate government accredited qualifications. Donors implementing on-budget activities in Nias have identified that local project management units involved in reconstruction activities are especially weak in procurement. Thus targeted support through the mobilisation of a procurement adviser will be considered.

Envisaged activities are:

- Policy implementation support, which will build on the successful executive training seminars conducted in Aceh. This element is designed to help the heads of district government entities (SKPD) maintain a process of continual improvement in implementing the policies agreed by the Bupati and their local parliaments.
- Introduction of context sensitive technical tools and methods to enhance the operational and technical capacity of Nias and South Nias district administrations. These include complaints handling systems; Triple A;¹⁴ Fiscal Capacity Study;¹⁵ gender responsive budgeting, pro-poor budgeting and planning and financial management capacity building.¹⁶
- Support to a Working Group on Speeding-up Development in the Nias Islands, which will comprise representatives from government at district, provincial and national levels. The Working Group will develop a 'strategic statement' that links Nias Islands' development to the national policy for development of disadvantaged regions and other regional development initiatives. The proposal for this Working Group was endorsed at NISM 4.¹⁷

Output 2.2 - Civil Society integrated into government post BRR reconstruction activities.

The second set of activities will focus on the strengthening of Nias civil society. NITP will integrate the existing frameworks and systems established by the MDF-funded UNDP Civil Society Organisations Strengthening Project to better integrate civil society into government planning processes drawing particularly on the already-established oversight mechanisms of the project and work relating to reconstruction monitoring. A background paper exploring the importance of the churches in Nias culture and civil society institutions was presented at NISM 4. The law on Governing Aceh (UUPA/LOGA) includes an adat council (*Majelis Adat Aceh*) with the function of promoting the development of all aspects of

¹³ It is understood that the Nias LED programme will support agencies involved in economic development, IREP and the Tsunami Waste Management Project are supporting infrastructure agencies, UNICEF the education sector, WFPSS the transportation sector and ADB the primary health sector.

¹⁴ The Triple-A concept has been developed by SwissContact, and is being used in Aceh to assist develop planning and management capacity. See their website at <http://www.swisscontact.or.id>

¹⁵ This will be an appropriate time to prepare a full evaluation of the two district governments based on the new government regulation 6/2008, with particular emphasis on providing feedback to national government on the limitations of the current fiscal balance formula,

¹⁶ District governments in Aceh have benefited from a CIDA-GRS-II sponsored program to install improved financial management capacity, under the auspices of MoHA and MoF. This experience should enable an improved program to be implemented in Nias.

¹⁷ The Working Group and the policy on "Speeding Up Development" are similar the process followed for other outlying areas, including Papua. The aim is to have the preparation of a Master Plan for Speeding up Development of Nias to be included in the 2010 national budget.

culture. The appropriate form for recognising and respecting the cultural heritage in the Nias Islands should also be explored by those competent to define it. Civil society groups targeting the specific needs of women will ensure the needs of women are addressed and mainstreamed into reconstruction and development programmes. Grants could be provided to CSOs to monitor the impact of development activities on men and women. Gender mainstreaming training modules currently being socialised through local CSOs will be also be provided to local government. Stronger inter-relationships between civil society institutions and the governance process can contribute to the successful continuation of the recovery process following the transition and contribute to making development disaster resilient.

The following activities are proposed.

- An 'adat development forum' designed to bring together the most respected leaders in different sub-groups of Nias culture, and different aspects of culture,¹⁸ to deliberate how culture should be preserved (to record and respect the past), developed (to keep it relevant for the present and future) and promoted (to make it accessible to all).
- Establishing a regular forum for community and NGOs to discuss the direction of development in Nias.¹⁹

Objective 3: integrate disaster risk reduction as a part of all future development, including recovery and reconstruction.

Disaster risk reduction (DRR) can only be implemented effectively as a cross-cutting issue that is mainstreamed into all local level development decisions. Strong initiative to embed the "Build Back Better" approach into all post tsunami and earthquake recovery and reconstruction activities does not necessarily ensure that disaster risk reduction will become a part of future development because "building back better" does not necessarily automatically imply "building back safer". Therefore, DRR best practices must be put in place now as a part of the capacity building outputs and activities described above. Disaster risk reduction should become a normal part of the local development process in an earthquake prone low lying environment like the Nias Islands.

The initial preparation work and consultations envisage the following outputs:

Output 3.1 - Provincial and Nias local government develop appropriate government structures to mitigate against the risks of future disasters.

This output aims to establish the institutional arrangements and enabling environment within the Nias Islands for ensuring that they support planning and implementation of disaster risk reduction measures as routine activities, in line with emerging national policy and with the support of the related Safer Communities Through Disaster Risk Reduction Programme. It aims to set up district level mechanisms to support community based inputs to the local government process for DRR development planning and partnerships with key local CBOs to fund activities identified by communities that include DRR components. This framework should also take into consideration equal opportunities for women's participation in developing policies and regulations.

Activities will include:

¹⁸ This proposal considers that the forum should consist of one representative from each of six ethnic groupings—Kepulauan Batu, Nias Selatan, Barat, Utara, Timur and Pesisir/pendatang (coastal and migrant groups)—and seven experts in aspects of adat—law (especially justice, land, inheritance), architecture, environmental management and agriculture, artefacts, music and dance, flora fauna and medicines, and cuisine. The head of the Museum and an appropriate official from each district government should be members ex-officio. The forum would be chaired by an independent expert in cultural development from outside Nias respected by the participants.

¹⁹ The model proposed is the seminar by Elsaka held on 12 December 2007 in Gunung Sitoli.

- The establishment of a standing committee on DRR that will incorporate representatives from district governments and parliaments, civil society and other relevant stakeholders. This body will be charged with keeping Nias Islands disaster preparedness under permanent review.
- The formulation and endorsement of a local action plan for DRR which will include long term preparedness and mitigation objectives, spatial planning implications of DRR, immediate priorities, and contingency arrangements for an immediate local response to any future disaster.²⁰
- The drafting, negotiation and promulgation of local regulations (Perda) on DRR and the inclusion of the concomitant costs in local budgets. These regulations will also be discussed and approved through the Government's *Musrenbang* community based planning process.
- DRR capacity building programmes for civil servants developed and integrated into/with Implementation Outputs 1 and 2 capacity building above.

Output 3.2 - Gender sensitive community based DRR projects are integrated into government DRR strategies.

Guidelines are being developed under the auspices of national DRR projects such as SC-DRR for Community Based Disaster Risk Reduction (CBDRR), based on the growing Indonesian experience with CBDRR (based on work done by PMI, IFRC, MBPI, ITB, ADPC, and others) that will reflect the specific context of community-based development practices on the Nias Islands and new local government practices to support community development with disaster mitigation components.

Activities under this output will include projects that:

- Demonstrate how community-led development planning with integrated DRR components can be supported on the Nias Islands by local government agencies working in partnership with NGOs and CBOs operating in local communities and related preparation of guidelines for a CBDRR approach suitable for the Nias Islands.
- Assess selected projects implemented under the recovery and reconstruction programme to determine if their "Build Back Better" disaster mitigation components are adequate. This will be linked where possible to on-going national activities such as the PEER SAR training programme operating in Indonesia.²¹
- Support the implementation of CBDRR development projects and recovery/reconstruction initiatives that are integrated with mainstream planning and budgeting systems and that build the capacity of the Nias Islands risk reduction, early warning and disaster response capacity including emergency services and community based search and rescue. This will include support for community-based DRR projects as part of support to a DRR Public Awareness Coordinating Committee which will link in to the national SC-DRR programme.²²

Objective 4: Ensure the project is managed and implemented in an effective and efficient manner.

²⁰ The capacity of existing Nias Islands emergency services and capacity of local government and communities themselves to undertake their own immediate search and rescue (SAR) after earthquakes or tsunamis will be assessed and plans developed to establish, strengthen or expand on what exists.

²¹ Programme for the Enhancement of Emergency Response – Search and Rescue. A USAID supported programme in Indonesia, India, Nepal and the Philippines.

²² As currently configured, NITP will have some funds to finance projects and will be also able to provide support to existing projects, some seed financing, and limited additional capital to include DRR in existing projects.

Output 4.1 - NITP achieves its objectives.

The proposed management arrangements are outlined in section 8 (Implementing Partner) and further elaborated in the context of the Government of Indonesia's regulations in Annex 4. UNDP is the Partner Agency, while the Ministry of Home Affairs is the executing agency. A project management unit (PMU) will be established in Nias. The PMU will be responsible for the day to day management of the project, preparing annual work plans and budgets, reporting on project outputs and activities and financial management.

Output 4.2 - Project Monitoring and Evaluation systems inform Project Management.

The proposed monitoring and evaluation system will:

- Inform the PMU and programme management with information to guide improvement of processes and outcomes;
- Provide transparent information on performance (training, process and financial) that is shared and provides benchmarks for improving performance;
- Be implemented by NITP staff and stakeholders so that anecdotal feedback and experience are captured and used to improve NITP and reconstruction and rehabilitation and transition implementation.

In the short term, to the end of 2009, NITP monitoring and evaluation activities will focus on improving processes to manage and support reconstruction and rehabilitation activities. The longer term objective is to enhance local government capacity to fulfill its ongoing responsibilities.

The results and resource framework (RRF) will be updated at output or activity level when the specific outputs and activities are defined and agreed by the Project Board. For this reason, the currently elaborated RRF focuses on the higher level outcomes and objectives of the Programme.

Impact will be assessed at the overall development objective level. The indicators can be categorized into seven broad groups:

- (i) Assessing reconstruction and rehabilitation implementation through progress towards completing the priority reconstruction and rehabilitation activities and effectively utilizing GOI and donor funding by the end of 2011, in accordance with the revised Master Plan;
- (ii) Assessing pre/post NITP satisfaction amongst a cross-section of reconstruction and rehabilitation stakeholders including government officials, Dinas staff, kabupaten leaders and community members directly affected by reconstruction and rehabilitation activities during the programme period;
- (iii) Assessing performance in the five main functional areas of reconstruction and rehabilitation management: coordination, planning, implementation, monitoring and implementing transition activities;
- (iv) Assessing the commitment of the Provincial and local governments and community groups to plan and provide resources (funding, voluntary contributions) to implement operations and maintenance activities for the infrastructure reconstructed or rehabilitated by the reconstruction and rehabilitation programmes as well as for other public infrastructure.;
- (v) Number of cases of fraud or poor quality projects implemented;
- (vi) Environmental impact assessments continue to be monitored; and
- (vii) Impact of reconstruction activities on women and men, social and cultural systems.

While not a direct objective of the reconstruction and rehabilitation programme, re-establishing community participation in operations and maintenance of community infrastructure will be a significant indicator of social progress and harmony.

Reporting:

Each participating agency will provide summaries of significant achievements, outputs against outcomes, and significant challenges in their monthly reports to the PMU. These reports will provide the trigger for disbursement of NITP funds. The reports will provide concise information on progress and achievement of outputs. More importantly, they will indicate potential or actual problem areas which require PMU assistance to address.

Progress against outputs is tracked using agreed upon indicators established by the Senior Technical Adviser (STA) and approved by the UNDP Monitoring and Quality Assurance group. They should include information contributing to the Component Objective indicators as set out in the RRF. The RRF will be used to indicate a results chain towards proximate and ultimate outcomes. Monthly reports will be summarized into a concise quarterly report for submission to the Project Board and the MDF. The quarterly report format is uniformly applied by all programmes executed under the aegis of UNDP's Crisis Prevention and Recovery Unit. The template is periodically revised to reflect ongoing discussions with donors and implementing partners, as well as the Government. Annual reports are submitted on a yearly basis.

UNDP Reporting Processes:

1. An Issues Log shall be activated in Atlas²³ and updated by the Project Manager to facilitate tracking and resolution of potential problems or requests for change.
2. Based on the initial risk analysis, a risk log shall be activated in Atlas and regularly updated by reviewing the external environment that may affect the project implementation.
3. A project Lessons-learned log shall be activated and regularly updated to ensure on-going learning and adaptation within the organization, and to facilitate the preparation of the Lessons-learned Report at the end of the project.
4. A Monitoring Schedule Plan shall be activated in Atlas and updated to track key management actions/events.

The mid term review (MTR) will provide an opportunity to review programme progress and outcomes.

At the end of Project, the STA will coordinate and collate a completion report including assessments from each of the participating Agencies on the changes in capacity. The STA will ensure that all high level indicators in the logframe are documented in the completion report. This report will be the base document for a completion evaluation, if implemented.

Financial Control:

For effective financial control UNDP will implement the following financial control assurance:

- *Periodic spot check reviews* of the financial records for provided cash transfers. These will be conducted and documented on a routine basis, or when warranted due to concerns over the functioning of internal controls.
- *Programmatic monitoring* of activities supported by cash transfers—following UNDP standards and guidance for site visits and field monitoring.
- *Scheduled Audit*: UNDP projects are audited regularly and the audit findings are reported to the UNDP Executive Board. The audit of projects provides UNDP with assurance that resources are used to achieve the results described in the Project Document and that UNDP resources are adequately safeguarded. As required by UNDP guidelines, all project components will be subject

²³ Atlas is UNDP's corporate management information system

to audit on expenditures made by the Implementing Partner (Cash Transfer, Reimbursement and Direct Payment). Audit of nationally implemented project components can be done by BPKP or private auditor. Internal Auditor (Office of Audit and Investigation/OAI of UNDP) or External Auditor (UN Board of Auditors) will audit project components implemented by UNDP based on the Country Office Support Services.

- *Special Audit* – an audit that responds to a special demand.

The results of the assurance activities may lead to changes in the procedures and modalities for disbursing cash transfers, and the type and frequency of future assurance activities.

The following table summarizes NITP's monitoring and reporting schedule which has been developed in consultation with the Government and the MDF.

Table 1 - NITP Monitoring and Evaluation Processes

Event	Description	Comment
Field implementation monitoring	Ongoing monitoring of field implementation by the NITP PMU, STA and stakeholders (implementing partners and donors) including field verification of monthly reports, review of progress reporting and analysis of financial expenditure.	Monthly
Monthly report	Concise progress report highlighting issues to be addressed by the PMU and/or Government agencies.	Monthly
Updating UNDP ATLAS	ATLAS logs will be updated monthly by the programme manager for: Issues; Risks; and, Lessons Learned. In addition, a Monitoring Schedule Plan will be activated in Atlas and updated to track key management actions/events.	Monthly
<i>Dinas</i> quarterly reports	Summarize monthly reports and make initial assessment on progress towards outcomes and objectives planned for the agency and component.	Quarterly
Quarterly NITP report	Collates reports and focuses on issues to be addressed by NITP board.	Quarterly
Quarterly and Annual Reviews	Quarterly meetings of the Project Board to review progress, address issues and provide programme and policy guidance.	Quarterly
Annual report	Collates and summarizes reports with emphasis on progress towards outcomes and objectives.	Annual
Mid Term Review	Mid-term evaluation to assess progress towards programme results articulated in the logframe and Results Framework, and provide recommendations on what changes should be made to improve progress to achieving programme objectives.	MTR team
Final Programme Evaluation	Final programme evaluation to appraise the draft completion report and assess achievement of programme results articulated in the Results Framework, and document lessons learned.	Undertaken before funding is completed.
Audit	Annual audit to meet UNDP and GOI rules and regulations.	Annual

Capacity Assessment and Stakeholder Assessment:

The capacity assessment will have two main functions. It will provide a planning tool for prioritizing capacity building (CB) activities within the target agency and will also provide a tool for assessing changes in capacity across the Programme. The process proposed will provide a useful tool for assessing a cross-section of agency staff but may not be statistically precise. It will be simpler and more focused on the specific transition implementation skills and capacity needs of the agency than the capacity assessment framework tool usually used by UNDP.

In summary, a checklist of 15-20 transition tasks and outputs required to be delivered by the agency will be developed in conjunction with the agency. A cross section of (or all) agency staff likely to be involved in delivering these required tasks (or managing the process) then assess their current capacity to undertake the tasks and responsibilities. This data will be used to identify training needs for the different levels of staff. By applying the same questionnaire to the same respondents during the MTR process and at the completion of the Programme, an assessment of the change in capacity can be made. This assessment

would be compared to assessments made with other tools such as direct observation and agency performance, and the recent World Bank public expenditure review. This assessment process would include an analysis of the allocation of roles and positions in the agency by gender. In addition to the capacity assessment questions, the initial questionnaire should also seek additional information on the awareness of transition activities and outcomes amongst agency staff.

The stakeholder/client satisfaction assessment will assess stakeholder knowledge of the reconstruction and rehabilitation and transition process and, for respondents aware of the two processes, allow assessment of implementation of the process. Examples of the questions would include:

- What has interaction with reconstruction and rehabilitation activities: implementer, supervisor, direct beneficiary, indirect beneficiary,
- Are you aware of the reconstruction and rehabilitation activities?

In the final year of NITP, a one off survey will be undertaken of participants in the annual budget planning process. This would include provincial, kabupaten and kecamatan level officials and also village leaders. The main questions would cover:

- What changes have been occurring in community and lower administrative inputs to the planning process since before 2005?
- What changes in community inputs to planning and implementation of O&M activities with community infrastructure in do you expect to happen now that reconstruction and rehabilitation activities are completed and the community is returning to a stable and established structure?
- How well have the reconstruction and rehabilitation activities been implemented in your community?
- What further activities could help the community return to its pre tsunami state

7. FUNDING PLAN AND BUDGET

Funding will be sought from the Multi Donor Fund for Aceh and Nias. Initial estimates place the cost of the programme at approximately USD 3.89 m over three years.

Table 2: Project Breakdown budget (USD):

Nias Governance Transition Programme	USD
Objective 1: Provide urgent support to the ongoing transition	405,470
Output 1.1 Completing reconstruction	183,230
Output 1.2 Asset transfer	222,240
Objective 2: Strengthen capacity to continue the recovery after the transition	1,512,280
Output 2.1 Strengthening government capacity	875,600
Output 2.2 Strengthening civil society capacity	636,680
Objective 3: Make disaster risk reduction as a part of all future development, including recovery and reconstruction	1,329,793
Output 3.1 Establish institutional arrangements and enabling environment for DRR	404,825
Output 3.2 Demonstrate gender sensitive community based DRR projects and practices for the Nias Islands	924,968
Objective 4: To ensure the project is managed in an effective and timely way.	457,930
4.1 Programme Management	295,680
4.2 Monitoring and Evaluation	162,250
4.3 Contingency @ 5%	185,274
TOTAL	3,890,747

Note: See Annex 1 for more detail

8. SUSTAINABILITY AND CAPACITY BUILDING

Sustainability and capacity building are the primary objectives of this programme. The NITP has been designed as an instrument to support local government and civil society in adapting to the post-transition period in Nias. The three immediate objectives will ensure that government leaders, government administration and civil society are able to cope with these challenges in the long term, including the recruitment of key staff from BRR into PEMDA and the strengthening of civil society and its links with governance. The programme will also help to identify an often-overlooked feature – the costs of *sustaining* the recovery. Unlike Aceh, Nias will not benefit from long term additional financing. The national level dialogue that this project will open up will begin the discussion on how to alter the funding framework in Nias to ensure ongoing operation and maintenance of the recovery. This will be an essential complementary activity to the large-scale investment programmes such as the USD 20 million LEDP.

NITP focuses primarily on developing local (i.e. district) government capacity. However capacity support will be provided to key provincial agencies involved in the reconstruction and rehabilitation post-BRR. UNDP defines ‘capacity’ as “the ability of individuals, organisations and societies to perform functions, solve problems, and set and achieve objectives in a sustainable manner” and ‘capacity development’ as “the process through which the abilities to do so are obtained, strengthened, adapted and maintained over time.”²⁴ Capacity building has a number of dimensions including human resource development (the process of equipping individuals with the understanding, skills and access to information, knowledge and training that enables them to perform effectively), organisational development (strengthening and streamlining of management structures, processes and procedures, not only within organizations but also between different organizations and the community), and institutional development & legal reform (changes needed to enable organizations, institutions and agencies to enhance their capacities). NITP will adopt this approach to capacity building. Initial capacity development assessments have identified a number of areas that need to be addressed to improve government capacity in the two districts (Table 3). NITP will need to prioritise areas of support depending on the immediate post-reconstruction needs.

Table 3: Initial assessment of Capacity Development Areas

<i>Area of Capacity Development</i>	<i>Example of Capacity Development Skill areas</i>
Strategic Planning, coordination and policy implementation	How to link long term plans with sector policies; Medium term expenditure frameworks; Application of balanced scorecards; how to coordinate provincial policy with kabupaten / kota.
Operational management of outputs and outcomes	How to manage organisations and departments; how to distinguish between outputs and outcomes; results based and team based management; time management and other tools.
Financial management, budgeting and fiduciary oversight	Link budgets with policies and plans; performance based and outcome based budgeting; the operation of the Indonesian budget system and financial management system; Audit; Integrity, anti corruption and public finance.
Monitoring, evaluation, feedback and reporting	The usefulness of monitoring and evaluation in the public sector; External and internal monitoring and evaluation; how to react positively to bad results; how to report results; Integrity in results reporting.
Communications, public relations, citizen involvement and DPRD engagement	Public service ethos; Incentives for integrity; Information availability and freedom of information; Communication strategies; dealing with press and media, Gender and communication.
Performance and outcome data collection and application	Distinction between performance data and outcome data; Human Development Index and other indexes (good governance, gender, MDGs etc). Application of data to planning and budgeting; Time series and links to M&E.
Regulations and the regulatory and legislative environment	How to develop good quality Regulations; Phasing of Regulations; Good governance and integrity / anti corruption Regulations; Role of Executive, Masyarakat and Legislative in Regulation Development.

²⁴ UNDP, *Supporting Capacity Development*, June 2007.

Area of Capacity Development	Example of Capacity Development Skill areas
Procurement, contract management and outsourcing	Basic procurement procedures; Advanced procurement procedures; contract management and its practical problems; when to outsource; Anti Corruption, Integrity and procurement; Environmental policies and procurement.
Human resource management and development	Job descriptions; Job profiles; Hiring and recruitment procedure; Staff development and training; disciplinary action and dismissal; How to avoid KKN; Incentives for integrity and good governance in staff relations; Gender issues and recruitment policy; remuneration.
Asset management and development	How to productively manage public assets; maintenance and upkeep of patrimony; when to sell public assets; Public Private partnerships in asset management; anti corruption, integrity and asset management.

9. IMPLEMENTING ARRANGEMENTS

As Partner Agency, UNDP brings to the table decades of experience in working on governance issues in Indonesia, combined with access to international expertise and best practices from across the world. UNDP is a neutral and trusted long-term partner of the Government of Indonesia. As the Partner Agency, UNDP will be responsible for the oversight of the project. Its responsibilities will include the appraisal, supervision, monitoring and evaluation of the project and administration of the grant.

Promoting democratic governance is one of the main components of UNDP's *Country Programme 2006-2010* endorsed and signed by the Government of Indonesia and further elaborated in the Country Programme Action Plan which is linked to the Government's Medium Term Development Plan. In line with this agreement, UNDP's Governance Programme supports Indonesia in improving the management of its public resources, enhancing public sector accountability and transparency, and developing greater public awareness about the need for and requirements of good governance. In addition, the operating modalities of UNDP make it uniquely situated to implement this project; UNDP project execution modalities enable will enable the NITP to become a flexible but precise instrument at the disposal of the provincial government and ensure full national ownership.

This project will be executed by the Ministry of Home Affairs (MoHA) of the Republic of Indonesia. Funding will be on budget/off treasury and will be recorded in the National budget for MoHA. The Ministry of Finance has agreed that UNDP and MoHA can implement activities initially off budget and transition to on budget next year, so that the project can immediately implement activities. MoHA has assigned the Directorate General for Regional Autonomy to oversee the project. The Director-General for Regional Autonomy is appointed as the National Project Coordinator (NPC) to oversee the project and provide appropriate guidance from the national government. MoHA in turn delegates authority to the province of North Sumatra to execute the project under the auspices and guidance of the Governor of the North Sumatra Province. The District governments of Nias and Nias Selatan will be the main implementing agencies for this project.

The National Project Coordinator will chair the Project Steering Committee which will consist of representatives from BAPPENAS, other units within MoHA, UNDP, North Sumatra Provincial Government, Nias and Nias Selatan Districts, the Ministry of Finance, the National Audit Office and BRR. A small secretariat will be attached to the Steering Committee.

The secretariat will facilitate the work of the Project Steering Committee. The secretariat, equipped with an officer and an associate, will work under the supervision of the designated official of the Directorate General for Local Government Autonomy of MoHA.

In exercising the delegated authority from MoHA to execute the project, the Governor of North Sumatra Province will appoint a senior official of the Province to serve as the National Project Director (NPD). The NPD will sit on the Project Board as Project Executive. Other members of the Project Board will include the

UNDP Aceh/Nias Field Programme Coordinator and representatives from the SKPA and BKPP supported by the project. There is scope for the Project Board to include future members from other entities as appropriate and decided by the Project Board.

The Project Steering Committee will be responsible for oversight and strategic inputs to project direction. The Project Board will be responsible for supervising project implementation as performed by the Project Management Unit (PMU) based in Nias. Sub-project PMUs will be established in each of the Bupati's office. PMU personnel will be recruited by UNDP under the direction of the NPD. UNDP will provide project assurance and technical support services to the Project Steering Committee, to its secretariat, the Project Board, and the Project Management Unit.

An international Senior Technical Advisor to be based in Nias will work with the National Project Director and the National Project Manager to ensure technical support to project execution including responsibility for producing reports and other outputs. UNDP Project Assurance from CPRU will also support the STA as appropriate with technical backstopping, guidance, and access to the UNDP network.

An organigramme is attached at Annex 2.

Funding Mechanism:

As noted above the proposed funding mechanism is on-budget/off treasury. The proposed fund channelling mechanism is based on the prevailing regulations of the Government of Indonesia concerning the management of funds obtained from foreign grants and/or loans, which include the following:

- (a) Law No. 17 / 2003 on State Finance;
- (b) Law No. 1 / 2004 on the State Treasury;
- (c) Law No. 15 / 2004 on State Finance Inspection, Management, and Accountability;
- (d) Government Regulation No. 2 / 2006 on Procedures for Conducting Loans and/or Obtaining Grants and Continuing Foreign Loans and/or Grants;
- (e) Presidential Decree No. 42 / 2002 on Implementation of the State Budget, revised through Presidential Decree No. 72 / 2004 on Revision to Presidential Decree No. 42 / 2002;
- (f) Minister of Finance Regulation No.143/PMK.05/2006 on Procedures for Withdrawal of Foreign Loans/Grants;
- (g) Minister of Finance Regulation No. 57/PMK.05/2007 on Management of State Ministry/Agency/Office/Work Unit- Owned Account; and
- (h) Regulation of Director General for the Treasury Department of Finance No. Per-67/PB/2006 on Procedure for Accounting and Validation of Directly Executed Government Foreign Grant realization.

However, as the project requires immediate implementation the Ministry of Finance has agreed the project can be directly implemented by UNDP until final project approval and incorporation into the government DIPA.

Further information on Grant Management is available at Annex 4.

10. RISKS AND DEPENDENCIES

There are two overall areas of risk related to this programme. Firstly, there are the political risks that the Central Government will change its policy in relation to the NITP objectives or that the programme will be approved and implemented too late to have an impact. The district administrations have made clear their desire to move quickly to strengthen public administration. Any delay in the implementation of the

programme increases the potential for other factors to complicate implementation of the programme's objectives. Providing the project begins quickly these risks can be mitigated.

Second, good relationships between the provincial and district governments, BRR and the central government are also crucial. Some of the components of the NITP are contingent upon continued provincial and central government support for Nias. The possibility of an increase in the number of Nias Islands districts would also complicate the situation. Close monitoring and flexible support will be required in order to mitigate these risks.

Table 4: Specific risks relating to each project component:

RISK	RATING BEFORE	MITIGATION	RATING AFTER
Component 1			
Delays in approving the project and establishing on budget financing mechanism.	M	UNDP and BRR will provide initial support. Government of Indonesia has agreed to direct implementation until budget incorporated in the DIPA.	S
Local government does not adopt BRR procedures.	M	Local government staff involved in reconstruction with activities reassigned to local government in similar roles and responsibilities. BRR facilitate integrate integration of systems prior to demobilisation.	S
Component 2			
The number of TA exceeds the absorption capacity of the provincial government	M	Technical Assistance plans will be carefully developed for each participating agency and reviewed by the PMU. These will take into account existing TA and the absorption capacity of the government body counterparts. It is important to remember that the Technical Assistance is envisaged as a measure that will be phased out once the capacity building programme of component 2 is fully operational.	S
TA inappropriate and / or fails to transmit knowledge and capacity	H	Technical assistance will not be recruited on an open-ended time bound basis but will be closely monitored with respect to results. The monitoring framework developed under other similar projects will be applied to the TA recruited under NITP.	M
Staff fail to complete training courses or staff leave after course and do not return to provincial government	H	Staff contracts will be modified to ensure that this risk is minimised	M
Training courses and on the job training inappropriate	M	Capacity needs assessment in line with agreed roles and responsibilities and competencies. Approved MoHA courses implemented.	S
Civil society not engaged in NITP	M	Utilising existing networks established by the CSO strengthening project	S
Component 3			

RISK	RATING BEFORE	MITIGATION	RATING AFTER
Government does not take up funding of DRR agencies	M	This risk will be mitigated by commitments written into the prodoc and by a project design that will facilitate continued government financing.	S
Provincial and local governments do not pass enabling legislations	M	Joint legislation drafting team comprising government and the legislature. Technical assistance to support drafting the legislation. Community consultation.	S
Existing CBDRR implementing agencies not participating with NITP	M	Maintaining current levels of dialogue with key partners PMI, IFRC, SurfAid and Austcare	S
General issues			
Misuse of and failure to account for project funds	M	UNDP rules and regulations will apply as specified in the National Execution guidelines.	S
Lack of integration with other projects	H	The “framework” design of NITP will provide a structure within which existing projects can integrate. The commitment of the provincial and other local governments to the NITP will encourage other projects collaborate.	M

Key: H = High Risk, M = Medium Risk, S = Slight Risk

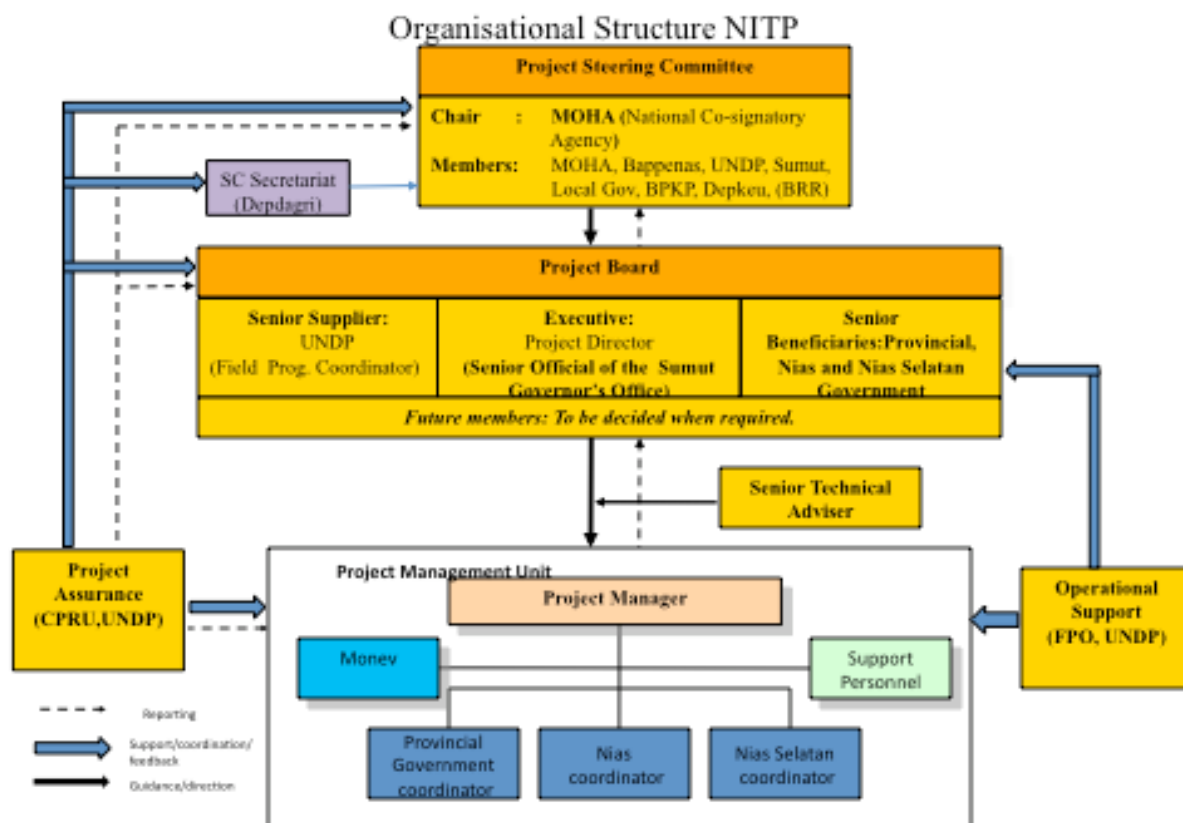
11. ALIGNMENT WITH THE MASTERPLAN AND REGIONAL DEVELOPMENT

The 2005 Masterplan and its recent revision (Perpres 47/2008) addresses both as a principled element and as an underlying theme, the importance of good governance in the reconstruction of Aceh and Nias. This programme mainstreams these principles into provincial governance strengthening. The proposal has been endorsed by NISM 4 and is fully in line with BRR, BAPPENAS and Province of North Sumatra’s plans for the ongoing recovery of the Islands. NITP addresses the critical focus of the MDF to ensure an effective transition post BRR and sustaining reconstruction and rehabilitation funded by the MDF. It meets the overall goal of the MDF and assists in strengthening local government capacity to sustain the \$100M invested by the MDF to date in Nias.

ANNEX 1 – BUDGET AND GANTT CHART

Please see attached excel spreadsheet.

ANNEX 2 – ORGANISATIONAL STRUCTURE CHART FOR NITP



ANNEX 3 – RESULTS AND RESOURCES FRAMEWORK

Intended Outcome as stated in the Country Programme Results and Resource Framework:	
UNDAF Outcomes: Protecting the Vulnerable and Reducing Vulnerability / Support to Master Plan for Aceh and Nias / Promoting Good Governance	
CPAP Outcomes: Rehabilitation and Reconstruction of Nias / Promoting Democratic Governance / Strengthening participatory and democratic processes	
Applicable MYFF Service Line: Service Line Recovery	
Applicable Key Result Area (from 2008-11 Strategic Plan): Ensuring improved governance functions post crisis	
Outcome/ Project Development Objective: Enhanced effectiveness and efficiency of the recovery process (= outcome 5 from Results framework of MDF)	
Indicators:	Means of Verification
Overall: (i) Planned reconstruction and rehabilitation (R&R) activities and disbursements completed by Dec 2011 (and on schedule in between) (ii) Client (community, local government, GOI and donor) satisfaction (technical / operational) with transition activities. (iii) Co-ordination: By April 2009 Provincial and district government systems in place for coordination of ongoing R&R at provincial and kabupaten levels (iv) Planning: By September 2009, ongoing R&R activities are aligned and integrated with provincial development policies (v) Successful mainstreaming of expenditure related to transferred projects and assets by Pemda, Bappenas in 2009 and 2010 APBN and APBD (total value versus target) (vi) Implementing: Proportion of actual to budgets disbursed (Reconstruction, APBD). Target 100 % at Dec 2011 (vii) Monitoring: Regular reporting on actual compared to planned outputs and outcomes including implementation quality assessment (viii) Transition: All provincial assets (R&R and pre-tsunami) registered in one database accessible by all relevant SPKDs (ix) Communities taking proactive role in planning and implementing ongoing O&M of community level infrastructure (x) In 2010 budgets Provincial and local governments include (and expend) required O&M budget (~5% % of infrastructure costs) (xi) Number of cases of fraud or poor quality projects implemented (xii) Environmental impact assessments continued to be monitored (xiii) Impact of reconstruction activities on women and men, social and cultural systems	Government annual budgets and reports on reconstruction and rehabilitation activities Satisfaction surveys Government Decrees signed by Governor Sumut and Bupatis Revised Medium Term Development Plan Evaluation of APBN and APBD budgets Local government budget reports GoI annual report on R&R and Provincial Outcomes Provincial and District Asset registers Survey of 2012 budget planning process Budget review BAWASTA Reports BAPPADELDA Reports Social Impact Surveys
Partnership Strategy: Implementation of this programme will be undertaken in collaboration with the governments of Sumatra Utara, Nias and Nias Selatan, with funding provided by the Multi-Donor Fund for Aceh and Nias (MDF). Activities funded by this programme will be undertaken through partnerships with local and national government authorities, national NGOs, civil society groups, the private sector, and international organizations.	
Project title and ID (ATLAS Award ID): Nias Islands Transition Project (Project No. 0000000)	

OUTPUT 1

OUTPUTS	SUB-OUTPUTS	TARGETS (to end of Project)	INDICATIVE ACTIVITIES	RESPONSIBLE PARTY	INPUTS
<p>RRF Output 1: BRRs reconstruction and rehabilitation responsibilities successfully transferred to provincial and local government.</p> <p><u>Indicators:</u></p> <ul style="list-style-type: none"> i. % BRR systems, adopted by local government by April 2009 [names of databases] ii. % of BRR assets accepted by local government iii. Stakeholders' satisfaction survey by April 2009 iv. Number of women receiving household assets 	<p>Output 1.1 BRR systems to coordinate and implement the reconstruction programmes are integrated into local government</p> <p>Output 1.2 Assets derived during BRR's mandate transferred to the appropriate beneficiaries.</p>	<p>Q1 2009 30% BRR systems integrated into local government</p> <p>Q1 2009 60% Assets transferred by BRR for use by communities and local government</p> <p>Q4 2009 Ministry of Finance has completed the transfer of 100% reconstruction assets funded during BRR's mandate</p> <p>Project satisfaction survey shows an average of 80% satisfaction of stakeholders</p> <p>Proportional distribution of assets to women (xx% women, XX% men)</p>	<ul style="list-style-type: none"> 1. Review of BRR systems 2. Official transfer to local government 3. AMIS training 4. AMIS established in local government 	<p>Technical Advisers for technical inputs</p> <p>PEMDA for day to day supervision and accountability</p> <p>PMU for reporting</p> <p>UNDP for quality assurance and financial monitoring</p>	<ul style="list-style-type: none"> - National TA - Travel and DSA - Transportation - Contractual services (IT, procurement) - Operational inputs (admin HR, temporary staff) - procurement, finance, M&E Misc. costs (equipment, etc)

OUTPUT 2

OUTPUTS	SUB-OUTPUTS	TARGETS (to end of Project)	INDICATIVE ACTIVITIES	RESPONSIBLE PARTY	INPUTS
<p>RRF Output 2: Reconstruction activities completed in line with the revised masterplan and integrated into the provincial and district development programmes.</p> <p><u>Indicators:</u></p> <ul style="list-style-type: none"> i. Budget process ii. XX% annual SKPD budgets accepted by provincial government in November 2008 iii. Successful completion of 75% of budget by November 200 iv. Increased awareness and transition knowledge and skills in participating SKPD trainings (no of women participating) (pre and post project survey) v. No of corruption complaints on Post BRR APBN supported project vi. % of substantial complaints from stakeholders and communities vii. % of these complaints processed viii. By April 2009, all targeted staff trained in transition activities as defined in the transition HRD programme developed (no. of women trained) ix. R&R reports have included gender disaggregated data (type and name of report) x. Nias island agencies formalize proportional representation (% women) 	<p>Output 2.1 Government agencies coordinating and implementing post BRR responsibilities.</p> <p>Output 2.2 Civil Society integrated into government post BRR reconstruction activities.</p>	<p>Planned outcomes for each agency: (for each agency - changes in capacity to coordinate, plan, implement and monitor R&R, transition and related ongoing activities (gender disaggregated and showing proportional representation across agency):</p> <p>All priority O&M and support activities for APBN get funded by APBD (by end of 2010) By end of 2010, Provincial government have four databases on: APBD; APBN; Donor expenditure; New assets</p> <p>By end of 2009, provincial government has XX regular reports (mth, qtrly, annual) on progress, completion, O&M expenditure and financial audits on transition activities.</p> <p>By April 2009, XX no of processes developed on transition activities (including asset transfer) that recognize environmental impact</p> <p>By XXXX 2009, % of these processes implemented</p>	<p>1) Each participating SKPDs to conduct needs assessment of their own capacity building needs related to transition. Provide transition support to each SKPDs (based on needs identified),</p>	<p>Technical Advisers: technical inputs</p> <p>UNDP BA Ops Centre: Procurement</p> <p>PEMDA: Day to day supervision</p> <p>PMU: Support, monitoring and reporting</p> <p>UNDP: Quality assurance and financial monitoring</p>	<ul style="list-style-type: none"> - National TA - Travel and DSA - Transportation - Contractual services (IT, procurement) - Operational inputs (admin, HR, temporary staff) - procurement, finance, M&E - Misc. costs (equipment, etc)

OUTPUTS	SUB-OUTPUTS	TARGETS (to end of Project)	INDICATIVE ACTIVITIES	RESPONSIBLE PARTY	INPUTS
xi. xx% of civil society recommendations respond women's needs xii. xx% of these recommendations integrated into local government planning and budgeting xiii. No of women participating in development forums organized by local government vs. total no of participants					

OUTPUT 3

OUTPUTS	SUB-OUTPUTS	TARGETS (to end of Project)	INDICATIVE ACTIVITIES	RESPONSIBLE PARTY	INPUTS
<p>RRF Output 3: Agencies responsible for coordinating DRR operating in the Province and the 2 district governments.</p> <p>Indicators:</p> <ul style="list-style-type: none"> i. DRR legislation passed in the Province, Nias and Nias Selatan ii. Provincial and district DRR action plans prepared that address ways to reduce disaster risk in development and coordinated by new Provincial DRR Platform (forum) iii. Interagency DRR Roles, TORs and SOPs established and operational iv. % women participating in development of legislation and SOPs v. Number of activities outlined in the action plan addressing the specific needs of men and women. vi. Capacity to respond to disasters vii. Villages with CBDRR plans implemented viii. % women participating in CBDRR planning 	<p>Output 3.1: Provincial and Nias local government have appropriate government structures to mitigate against the risks of future disasters.</p> <p>Output 3.2: Gender sensitive community based DRR projects are integrated into government DRR strategies.</p>	<ul style="list-style-type: none"> 1. Q1 2009 DRR action plan finalized 2. Q4 2009 DRR Legislation passed 	<ul style="list-style-type: none"> 1. Provincial DRR Platform (forum of DRR stakeholders and government development agencies) established based on Provincial Legislation and using Local Action Plan on DRR to ensure that gender sensitive development or reconstruction projects include components that actually reduce future disaster risks 2. BPBD established and 1) the incorporation of DRR components in all development and reconstruction activities and 2) coordinating local government disaster preparedness for response planning activities 3. Villages leading a gender sensitive development and reconstruction planning process with government support to ensure that disaster risks reduction in integrated part of each project 	<p>Technical Advisers for technical inputs</p> <p>Procurement through UNDP ops centre</p> <p>PMU for monitoring and reporting</p> <p>UNDP for quality assurance and financial monitoring</p>	<ul style="list-style-type: none"> - National TA - Travel and DSA - Workshops - Transportation - Operational inputs (admin, HR, procurement, finance, M&E) - Misc. costs (equipment, etc)

OUTPUT 4

OUTPUTS	SUB-OUTPUTS	TARGETS (to end of Project)	INDICATIVE ACTIVITIES	RESPONSIBLE PARTY	INPUTS (USD)
RRF Output 4: The Project is effectively implemented, monitored, reported and audited Indicators: i. No. of monitoring reports submitted on time ii. No. meetings and % of attendance at Project Board and Steering Committee meetings iii. No of technical advisors provided iv. Satisfactory technical assistance provided; v. No. of project strategic and/or operational issues brought up to project management structures vi. No of strategies and/or operational issues implemented	Outcome Project Assurance, Monitoring, evaluation and Mid Term review is completed and lessons learnt incorporated into project operations. Project is closed in a timely and effective manner Project Management structures operational	1. By the end of 2009 (Q4), Mid Term review completed. 2. By the end of 2008 (Q4), Managements structures fully established. 3. Quarterly reports and reports to MDF submitted on time. 4. UNDP quality assurance and technical assistance to project reported to project board. 5. 80% satisfaction of stakeholders' on technical assistance provided	UNDP to carry out following activities 1. Draft Mid Term Review ToR and hire team 2. Hold management committee and steering committee meetings 3. Carry out TA and project assurance to project	Technical Advisers for technical inputs Procurement through UNDP BA ops centre PMU for monitoring and reporting UNDP for quality assurance and financial monitoring	– National TA – Travel and DSA – Workshops – Transportation – Operational inputs (admin, HR, procurement, finance, M&E) – Misc. costs (equipment, etc)

ANNEX 4 – GOVERNMENT OF INDONESIA GRANT MANAGEMENT MECHANISM

Based on the prevailing legal provisions on the management of foreign grants and noting the agreement with UNDP subject to building capacity assessment in an implementing partner (IP) for each implementing partner which is adjustable over time by mutual agreement, the following are the general principles to be observed when managing foreign loans and grants:

- (a) All state revenues and expenditures under state obligations in a given fiscal year must be entered in the APBN (State Budget). In the case of the “crisis mode” emergency relief and early recovery aid provided through or by UNDP, this entry into the State Budget will be made on a “post facto” basis in order to avoid any procedural steps that may delay assistance to needy populations and emergency rehabilitation or reconstruction where beneficiary and donor stakeholder considerations will override “bureaucratic” considerations which will be temporarily suspended, as per established international practice.
- (b) The whole or any amount of foreign loans and/or grants stipulated in the foreign loan and/or grant agreement document (NPPHLN) will be embodied in the budget implementation document.
- (c) In case the APBN has been determined, the total or portion of the foreign loan and/or grant amount will be embodied in the APBN-Revision.
- (d) In case of direct UNDP cooperation with non-governmental organizations, grant funds are not provided through the state budget mechanism but directly between UNDP and the relevant organization. For this reason, grants disbursed to government organizations are not recorded as state income.
- (e) Based on the above, it is concluded that the management of foreign loans/grants should be recorded in APBN mechanism that is in effect in Indonesia.

The advantages of recording the grants/loans in the APBN mechanism include the following:

- Tax exemption facility related to implementation of government activities that in part or in whole are funded by foreign grants and,
- The benefit for UNDP is that the grant provided is recorded in the PHLN income report of the Government of Indonesia.

In relation to Government Regulation No. 2/2006 on Procedures for Conducting Loans and/or Obtaining Grants and Continuing Foreign Loans and/or Grants, the Budget User/Budget User Proxy (PA/Kuasa PA) of MoHA will register the Grant Agreement (Project Document) with the Ministry of Finance. In the same manner, in relation to Regulation of the Director-General for the Treasury Department of Finance No. Per-67/PB/2006 on Procedures for Accounting and Validation of Directly Executed Government Foreign Grants, MoHA will enter the grant funds received into the DIPA of the MoHA according to the provisions in effect. The grants that are already received but are not yet been entered in the DIPA/budget implementation document, may be processed for entry through the DIPA revision mechanism.

In addition to the above mentioned provisions and based on the Ministry of Finance Regulation No. 57/PMK.05/2007 on Management of State Ministry/Agency/ Office/Work Unit-Owned Account, Budget User/Budget User Proxy (PA/Kuasa PA) of MoHA will open separate accounts in MoHA and local governments depending on the agreed workplan.

In detail, important points to be observed with regard to withdrawal of UNDP grant funds are as follows:

- (a) A separate Bank Account shall be opened by the Implementing Partner, in which such bank account shall not belong to or be opened in the name of UNDP.
- (b) UNDP shall have no connection to the opening or closing of a bank account, in which no UNDP staff shall be included as signatory person for the account opened. The bank account opened will be a project account and not a UNDP account.
- (c) The Implementing Partner shall have tight control over all matters pertaining to flow of funds of the bank account opened.
- (d) Interest obtained from the bank account opened shall be entered by the Implementing Partner into the financial report.
- (e) The Implementing Partner shall send the name of the designated project staff together with their complete record and sample of signature to the UNDP CO.
- (f) The designated project staff shall sign the Annual Work Plan (AWP) as well as the relevant financial report.
- (g) The abovementioned record shall be maintained by UNDP CO for internal control and audit purposes.
- (h) The UNDP Project Manager will be responsible for maintaining and updating the above record.
- (i) The Implementing Partner will be responsible for availability of funds provided.
- (j) The Implementing Partner will prepare a Project Activity Plan in accordance with the AWP for the next quarter.
- (k) In particular cases where the project will require additional funds, the Implementing Partner shall verify UNDP fund sufficiency so that UNDP CO may process the required additional funds.
- (l) Additional funds required must portray realistic projection of needs in accordance with the stipulated time period.
- (m) UNDP CO shall not pay for additional funds in the event of non-availability of project funds.
- (n) The Implementing Partner will be responsible for preparation, signing, and presenting Financial Report in every instance where the project requires funds of minimal value in a quarterly period.
- (o) The Implementing Partner shall also present a copy of the bank statement in the cash-balance closing for the relevant quarter.
- (p) The financial report will be delivered to the UNDP at the latest in 15 days after the end of the quarter.
- (q) The Implementing Partner Authority will sign the financial report, consistent with AWP.