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JRF Plans to Continue Support until 2011 Remaining Funds to be used for Disaster Mitigation and Livelihoods Recovery

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Prambanan, July 30, 2009 -- Java Reconstruction Fund at its mid-term has delivered its plan to build transitional shelters to fill gaps, provide 15,000 families houses that are earthquake resistant, build more than 500 community infrastructure sub-projects, and launched two projects focusing on assisting small and medium enterprises (SMEs) affected by the earthquake to support recovery of livelihoods affected by the disaster to targeted 13,000 SMEs in DIY and Central Java.

“Overall, the portfolio is performing well, with significant achievements and impact on the ground,” said Shamima Khan, Manager of the Java Reconstruction Fund. “To meet remaining reconstruction needs, complete implementation of current projects on livelihoods recovery, and ensure disaster risk reduction is mainstreamed into community planning – the JRF is expected to be extended to December 2011.”

The National Planning Agency, Bappenas, and the provincial planning agency, Bappeda have assumed the reconstruction coordination role. The mandate of the National Coordinating Team for Rehabilitation and Reconstruction and the National Technical Team (TTN) setup by a Presidential Decree in 2006 ended in the third quarter of 2008.

At mid term, the Community Based Housing Project (CSRRP) is in full swing with its community settlement planning (CSP) and its implementation gaining traction. The project also introduced DRR elements into CSPs in selected villages. Based on the lessons learned, the project team is exploring opportunities to mainstream DRR into community planning and budgeting for additional villages. Overall, 530 community infrastructure sub-projects are underway, such as constructing roads and pathways, retaining walls, sanitation and waste management, water resources catchments, and bridges; Of the projects, 70% have been completed and the remaining are in various stages of construction.

Two projects under implementation by International Organization of Migration (IOM) and GTZ are addressing the most significant barrier to livelihoods recovery, access to finance, have achieved a significant milestone in delivering results. The PNM agreements with GTZ and IOM will enable the first batch of beneficiaries to receive micro credits by the next quarter of 2009. *Permodalan Nasional Madani* or PNM, being the apex institution to channel funds to beneficiaries, is crucial in the micro-financing scheme for the micro and small enterprises (MSEs) and the micro, small and medium sized enterprises (MSMEs). IOM is also focusing on MSEs directly by replacing assets, while GTZ is focusing on assisting medium sized enterprises in restructuring loans and restoring capacity and improving competitiveness. The projects have targeted 13,000 SMEs in DIY and Central Java.





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Of the JRF total contributions at US\$94 million, 80% have been allocated to projects. Over 71% of these funds are channeled through the budget of the Government of Indonesia. As of March 2009, 72% of the allocations have been disbursed. The remaining unallocated funds total at approximately \$18 million.

An independent Mid-Term Review (MTR) of the JRF portfolio was commissioned by the European Commission (EC) in February/March 2009. The review rates the JRF as a highly relevant program, fully in line with Gol objectives for the reconstruction and rehabilitation of the Special Region of Yogyakarta, Central Java and West Java. The review also notes the success of the community based approaches resulted in efficient delivery of the program; and will need to monitor the livelihoods projects that have experienced significant startup delays.

The Secretariat of the JRF commissioned a Stocktaking and Gap Analysis to assess the remaining reconstruction needs. The goal of the analysis was to take stock of the reconstruction and recovery efforts by the Government of Indonesia, JRF as well as other donor-funded interventions; and assess the remaining needs the JRF could address within its mandate and program lifespan. Possible expansion of the community settlement planning, mainstreaming disaster risk reduction (DRR), and a few other proposed initiatives will be considered for financing, based on the findings of the assessment of remaining needs.

Looking ahead, priority will be on programming the remaining JRF funds to complete implementation. Current projects should work closely and align with local government priorities. Livelihoods projects are well positioned to support MSEs; however the needs are also changing on the ground. Therefore, there is continued need to monitor and assess progress closely, so that projects can respond to the changing needs.

The Java Reconstruction Fund (JRF) was established at the request of the Government of Indonesia to support the governments' reconstruction and rehabilitation efforts in post-earthquake Special Region of Yogyakarta (DIY), Central Java and tsunami affected West Java. The JRF is managed by the World Bank with contributions totaling US\$ 94 million from the European Commission and the governments of the Netherlands, the United Kingdom, Canada, Finland, and Denmark, as well as the Asian Development Bank.

