

Operations Manual

Java Reconstruction Fund (JRF)

This Operations Manual is not a legally binding document. The purpose of this Manual is to describe the JRF governance structure and the operating principles, guidelines, and procedures for the day-to-day operations of the JRF.

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I. INTRODUCTION

1. In response to the Government of Indonesia's (GOI) request, the World Bank and several donors and donor agencies including the European Commission, Netherlands, United Kingdom, ADB¹, Canada, Denmark and Finland established a multi donor trust fund called the Java Reconstruction Fund for Yogyakarta, Central Java and West Java (from herein called the "Java Reconstruction Fund") to support a rehabilitation and reconstruction program following the earthquakes and tsunami in Yogyakarta, Central Java and West Java in Indonesia. At the Government of Indonesia's request, the World Bank serves as Trustee for the Java Reconstruction Fund.
2. The Java Reconstruction Fund (JRF) could be expanded to include contributions from other donors and donor agencies, private sector partners, foundations, and non-governmental organizations.

II. DESCRIPTION OF THE JAVA RECONSTRUCTION FUND

3. The Java Reconstruction Fund is a trust fund set up and administered by the World Bank for the purpose of establishing a common platform to mobilize donor resources and provide financing assistance for priority projects² supporting the Republic of Indonesia's Action Plan for Yogyakarta-Central Java Reconstruction and Rehabilitation (from herein called the "Action Plan") and to respond to a request for assistance from the West Java government. The Fund provides financing assistance in the areas of housing reconstruction (including basic shelters) and rehabilitation and restoration of livelihoods of the people affected by the earthquakes and tsunami in Central and West Java and Yogyakarta. The terms and conditions governing the contributions to the Java Reconstruction Fund are reflected in the Standard Provisions, which are attached to each contribution agreement that shall be entered into between the World Bank and the contributors. Their administration will be common for all contributors and will provide for the following, among others:
4. **Contributions:** The contributions to the Java Reconstruction Fund shall be accounted as a single trust fund and shall be kept separate and apart from other funds of the World Bank. All contributions and all disbursements shall be on a grant basis. Contributions may not be earmarked for any specific component, or activity. The Java Reconstruction Fund may be used exclusively to support activities in the areas of housing reconstruction and rehabilitation, and restoration

¹ ADB joined the JRF in December 2008.

² The term "project" used throughout the Operations Manual refers more widely to projects, and related activities in (a) support of the Government's Action Plan of the Rehabilitation and Reconstruction of the Post-Earthquake Affected Areas in the Province of Yogyakarta and the Province of Central Java and (b) in response to the Government's request for support for tsunami affected Pagandaran, West Java.

- of livelihoods arising from the (a) earthquake in Yogyakarta and Central Java, and (b) earthquake and tsunami in West Java.
5. Contributions to the Java Reconstruction Fund shall be received in cash. The Java Reconstruction Fund shall be maintained in United States Dollars.
 6. **Eligible Expenditures:** grants made out of the resources of the Java Reconstruction Fund shall be used to finance up to one hundred percent (100%) of the cost of civil works, consultant services, goods, training and workshops, sub-grants and incremental operating costs directly relating to the project supported by the Grant, and such other related expenditures as the Trustee and the Steering Committee may agree from time to time. In particular, the Trustee and the Steering Committee may authorize grants and related assistance to assist with project design, program preparation or pilot activities, in order to facilitate future or on-going projects to support the Reconstruction Program.
 7. **Commencement:** the Java Reconstruction Fund commenced its operations upon receipt of the first contributions from the Netherlands and the United Kingdom in October 2006.
 8. **Termination:** the closing date for the Java Reconstruction Fund is December 31, 2011³ unless otherwise agreed upon by the donors and the World Bank in consultation with the Government of Indonesia. No new commitment out of the Java Reconstruction Fund resources can be made after the closing date. The World Bank, as Trustee, will then undertake all actions necessary, including accounting, auditing, and reporting, to wind up the activities of the Java Reconstruction Fund in an expeditious and orderly manner. Any un-disbursed balance shall be returned to the contributors, in proportion to their total paid-in contribution to the Java Reconstruction Fund, or otherwise dispose of such funds in accordance with the Donor's instructions.

III. GOVERNANCE AND STRUCTURE

9. The Java Reconstruction Fund shall operate in accordance with fundamental principles of good governance set forth as follows:
 - In accordance with the Government of Indonesia's Action Plan for Yogyakarta and Central Java and the request for support for West Java⁴;

³ The original closing date is October 31, 2009 and has now been extended to December 31, 2011. However, all project activities must be completed by June 30, 2011 to allow for completion of associated reporting.

⁴ The Action Plan was developed to address the earthquake in May 2006 that hit Yogyakarta and Central Java. Two months later, a submarine earthquake created a three-meter-high tsunami that hit the southern coast of West Java, Yogyakarta and Central Java. The Government of Indonesia (GOI) requested support

- In close partnership among key agencies;
 - The separation of responsibilities for allocation, fiduciary and administrative functions of the Java Reconstruction Fund; and
 - Full transparency and openness in Java Reconstruction Fund processes.
10. Each Grant shall be approved and administered in accordance with the applicable guidelines of the Partner Agency, insofar as their procedures are acceptable to the World Bank, with due regard to appropriate standards of transparency, accountability and good governance, and the need to combat corruption and illegal practices in the management of grant funds. The policies and procedures of the Partner Agency shall take precedence over the operational guidelines of this Manual in case of incompatibility.
11. Based on these principles, the Java Reconstruction Fund shall have the following governance and structure (see Annex IV):
- A. THE TRUSTEE**
12. World Bank shall serve as Trustee of the Java Reconstruction Fund.
13. **Management of the Funds:** as Trustee, the World Bank shall be responsible for establishing and managing the JRF. It will also be responsible for maintaining appropriate records and accounts to identify the contributions, make commitments to be financed out of the contributions, and document receipts and disbursements of the funds.
14. If contributions are received in currencies other than United States Dollars, the World Bank shall convert the contributions into United States Dollars upon receipt at the exchange rate prevailing on that day. The Trustee may exchange the Java Reconstruction Fund resources for other currencies as needed to facilitate disbursement. Pending disbursement, the World Bank shall invest the Java Reconstruction Fund resources in accordance with the World Bank policies and procedures for the investment of trust funds that it administers. Income earned on those funds shall be credited to the Java Reconstruction Fund, thus increasing resources available for grants.
15. At closing date of the Java Reconstruction Fund, the functions of the World Bank as Trustee shall terminate in an expeditious and orderly manner except for any action necessary for winding up activities of the Java Reconstruction Fund.
16. **Fiduciary Responsibilities:** The World Bank as Trustee shall be responsible only for performing those functions set forth in the Contribution Agreements with contributors, Fiscal Agency Agreements with Partner Agencies, relevant policies and procedures, and as described in this manual. Nothing in the Contribution

for West Java under the JRF umbrella. In September 2009, a 7.0 magnitude earthquake hit West Java. GOI and donors are in discussion to provide assistance possibly under the JRF program.

Agreements or Fiscal Agency Agreements shall be considered a waiver of any privileges and immunities of the World Bank, under its Articles of Agreement or any applicable law, all of which are expressly reserved. The World Bank shall act as the Fiscal Agent with respect to grants administered by Partner Agencies other than the World Bank and, in that capacity, shall have no responsibility to the contributors for the use of the proceeds of such grants over and above those responsibilities contained in the Contribution Agreements with donors, Fiscal Agency Agreements with Partner Agencies and as described in this manual. All responsibility for the appraisal⁵, supervision and monitoring and evaluation of projects for which the Partner Agency is not the World Bank shall be borne by the Partner Agencies in accordance with their own fiduciary frameworks, policies, guidelines, and procedures. The World Bank, as Trustee, through the Secretariat, shall coordinate the reporting of all Java Reconstruction Fund operations by all designated Partner Agencies to the Steering Committee and the public.

17. **Financial Reporting:** the Trustee shall maintain separate records and ledger accounts in respect of the contributions and the disbursements thereof. Within ninety (90) days of each March 31, June 30, September 30 and December 31, the Trustee shall prepare, on a cash basis, an unaudited statement of receipts, disbursements and fund balance with respect to the Java Reconstruction Fund and forward a copy to the Contributors. Each such statement shall be expressed in United States dollars, the currency in which the Trustee will maintain the funds.
18. The Trustee will annually provide the Contributors with a management assertion, together with an attestation from the Trustee's external auditors concerning the adequacy of internal control over cash-based financial reporting for trust funds as a whole. The costs of such attestations will be borne by the Trustee.
19. If any of the donors wishes to request, on an exceptional basis, a financial statement audit by the Trustee's external auditors of the Trustee Fund, the requesting donor and the Trustee will first consult as to whether such an external audit is necessary. The Trustee and the requesting donor will agree on the most appropriate scope and terms of the reference of such audit. Following agreement on the scope and terms of reference, the Trustee will arrange for such external audit. The costs for any such audit, including the internal costs of the Trustee with respect to such audit, will be paid by the requesting donor. The Trustee shall provide the Steering Committee with a copy of the auditors' report, which shall subsequently be made public.
20. **Execution of Legal Agreements:** as Trustee, the World Bank shall execute Contribution Agreements with each of the contributors contributing resources to the Java Reconstruction Fund. With respect to funds in the form of a grant that

⁵ Appraisal pertains to assessment of technical, financial, procurement, and audit aspects of a project under preparation. The documentation resulted from appraisal is referred to as the Project Appraisal Document or PAD by the World Bank and Project Document or ProDoc by UNDP and other UN agencies. Throughout this manual PAD and ProDoc are used interchangeably.

will be administered by the World Bank, the World Bank shall enter into a grant agreement with the recipient. With respect to funds in the form of grant that will be administered by Partner Agencies other than the World Bank, the World Bank shall enter into Fiscal Agency Agreements with those agencies. This Operations Manual is not a legally binding document, and only the legal provisions as outlined in the Contribution Agreements, Grant Agreements and Fiscal Agency Agreements are binding in the operations of the fund.

21. **Establishment of the Secretariat:** the Trustee shall establish a Secretariat to manage the day-to-day operations of the Java Reconstruction Fund. The roles and responsibilities of the Secretariat are set out in paragraph 62.
22. **Authority to Deny Funding:** as Trustee, the World Bank shall have the authority to deny funding to any activity where in the view of the World Bank, as Trustee, after consulting with the Steering Committee, reasonable doubts arise as to whether the funds concerned will be effectively utilized for the agreed purposes.

B. THE STEERING COMMITTEE

23. The Java Reconstruction Fund shall be governed by a Steering Committee. The Steering Committee shall be supported by a Secretariat that will be established by the World Bank for coordinating the day-to-day operations of the Java Reconstruction Fund and whose detailed responsibilities are described in a separate section of this Manual.
24. **Functional Responsibilities:** the Steering Committee shall be responsible for (i) setting overall priorities, developing policies, and providing strategic guidance for the Java Reconstruction Fund; (ii) reviewing progress of the JRF operations; (iii) oversight of the JRF portfolio including coherence and collaboration between projects funded by the JRF and the Government of Indonesia's Action Plan; and (iv) endorsing projects to be supported under the JRF, along with the corresponding proposals for grants to finance such activities and the designation of the Partner Agencies responsible for administering such activities. The Steering Committee will also serve as a forum for policy dialogue with the Government on issues relating to the reconstruction and development efforts.
25. **Oversight Responsibilities:** while the designated Partner Agencies (see below) shall be responsible for the appraisal, supervision, and monitoring of specific projects, as endorsed by the Steering Committee, in accordance with the Partner Agency's policies and procedures, it is implicit in the Steering Committee's endorsement and review functions that it exercises oversight of the execution of the grants that it endorses. In normal circumstances, the act of designating a Partner Agency means that the World Bank, as Trustee, and the Steering Committee, accept the fiduciary framework and governance arrangements, policies and procedures, including audits and procurement procedures of the designated Partner Agency and, therefore, delegate such fiduciary oversight to

- that designated Partner Agency. However, the Steering Committee shall be responsible for the oversight of the overall portfolio to ensure that the project and the overall program reach its overall objectives and outcomes. Oversight duties of the Steering Committee shall be discussed in a separate section in this Manual.
26. **Steering Committee Operations:** the Steering Committee shall operate according to the following rules of procedures:
 27. **Members:** The Steering Committee consists of representatives of the Government, contributors, and the World Bank, as Trustee, as voting members. The Steering Committee shall meet as frequently as necessary to discharge its responsibilities. All representatives shall be nominated by their respective institutions and their names shall be communicated in writing to the Secretariat. Thereafter, each representative shall serve as a member on the Steering Committee for the full duration of the Java Reconstruction Fund unless otherwise communicated by their respective institutions in writing to the Secretariat. The names of contributor representatives shall be communicated to the Secretariat within one week from the signing of their respective contribution agreements. All names of all other representatives should be communicated to the Secretariat within one week from the signing of the first contribution agreement.
 28. There shall be a total of 2 Government of Indonesia representatives as voting members from Bappenas (Deputy Minister of Regional Development & Local Autonomy and Deputy Minister of Development Funding)
 29. World Bank, as Trustee, shall be represented by its Country Director for Indonesia or his/her designee.
 30. In addition to the abovementioned, the United Nations shall be a non-voting member of the Steering Committee who shall have long-standing observer status. The United Nations shall be represented by the Resident Coordinator or his/her designate, who shall represent the United Nations Group. While holding non-voting status, the rights of the United Nations with respect to participation in meetings, access to information, ability to put items on the agenda, review of materials submitted to members in the “Decision without Meeting” process, and all other matters, shall be equivalent of those of the voting members with the exception that they will not have the power to object.
 31. The Steering Committee may invite other participants from amongst other bilateral and multilateral agencies, civil society groups, local and international non-governmental organizations, to participate in the Steering Committee meetings as non-voting participants.
 32. Should a member (i.e. nominated representative) be unable to attend a particular Steering Committee meeting, the member shall advise the Secretariat at least one

- day prior to the sitting of that Steering Committee meeting of the member's designated alternate who will attend instead.
33. Members may, if they wish, arrange for a delegation comprised of other persons, such as delegates from contributor's capitals/ headquarters, or government/ NGO agencies, to attend a particular Steering Committee meeting provided that such persons included in the member's delegation shall, in the opinion of that member, provide value to those items on the agenda to be discussed by the Steering Committee. Members of a delegation, other than the designated Steering Committee member, shall have observer status for that meeting only but, at the discretion of the co-chairs, may be allowed to contribute to discussions.
34. **Co-Chairs:** there shall be three co-chairs of the Steering Committee: Minister of the National Development Planning/Chairman of Bappenas (as the Recipient), the World Bank (as Trustee), and the largest single contributor (which is currently the European Commission). Changes in co-chairmanship shall require a decision of the Steering Committee to be taken in accordance with the decision making provisions stipulated in this Operations Manual. The individuals serving as co-chair shall be high-level representatives of their institutions, i.e., Minister (in the case of Government), Country Director (in the case of the World Bank) and the Head of Delegation (in the case of the largest contributor) or their designees. In the absence of the designated co-chair, the designated alternate co-chair should be the next ranking official representative with decision making authority. The co-chairs shall have complementary but different responsibilities, based on their comparative advantages. All shall be responsible for helping to ensure the efficient and consensual working of the Steering Committee and effective implementation of the Java Reconstruction Fund. For all co-chairs this shall involve a significant commitment of time and professional engagement in the running of the Java Reconstruction Fund, much of which will take place outside of the Steering Committee meetings.
35. The Government of Indonesia as Co-Chair, shall have the responsibility in particular for:
- setting the policy agenda and leading the decision making process under the Java Reconstruction Fund in accordance with the Jakarta Commitment of 2009;
 - ensuring that the Government's voice – central, provincial and local – is reflected coherently in the Steering Committee meetings;
 - ensuring that project concepts to the Java Reconstruction Fund are consistent with the Government's recovery strategy, and that they have adequate support from relevant agencies;
 - ensuring that decisions to allocate fund to specific co-financing projects are followed up effectively by the relevant agencies;
 - helping to address any disagreements among government agencies on implementation responsibilities in a constructive manner;

- intervening at high levels if necessary to ensure that funds flow is not hampered by bureaucratic delays.
36. The Trustee (World Bank) as Co-Chair shall have particular responsibility for:
- ensuring strong relations and effective communications with the Government on the overall recovery plan and strategy;
 - ensuring that donors' voices and concerns are reflected coherently in SC's meetings and that those concerns are addressed;
 - identifying and inviting key external participants to take part in Committee meetings;
 - oversight of the Secretariat, with the purpose of preparing agenda with necessary documents for SC meetings, including proposals, monitoring reports, and minutes of meetings.
37. As tasked by the donor members of the Steering Committee, the largest single contributor as Co-Chair would have particular responsibility for:
- engaging with all members of the Steering Committee, to ensure a consensual and constructive spirit is maintained,
 - interacting on behalf of donors at a high level of Government in relation to effectiveness in the reconstruction and possible concerns that might arise.
 - engaging with other members of the Steering Committee, especially all other contributors, to ensure that a consensual and constructive spirit is maintained;
 - liaising with large bilateral and multi-lateral donors to help ensure that their programs are complementary to those of the Java Reconstruction Fund;
 - coordinating the Steering Committee's policy dialogue with the Government on special issues;
 - interacting at a high level of government to express concerns on behalf of the contributors.
38. **Meetings:** the Steering Committee shall meet as frequently as necessary to discharge its responsibilities. The location of each meeting shall be at the discretion of the co-chairs. The Secretariat shall give notice of the date and venue for each meeting to the members no less than five working days prior to the date of such meeting. The Secretariat, on behalf of the World Bank, as Trustee, and in consultation with the co-chairs, may invite observers (e.g. representatives of potential contributors, civil society including local and international non-governmental organizations) to the meetings as it deems appropriate.
39. **Meeting Chairpersons:** the meetings of the Steering Committee shall be jointly chaired by the three co-chairs. Depending on the agenda, the co-chairs will decide among themselves prior to each meeting as to how it should be conducted and chaired.

40. **Quorum:** two-thirds of the members of the Steering Committee on record or donors representing at least 50% of funds received to date of such meeting shall constitute a quorum for decision-making purposes. In the case of a meeting without a quorum, views from absent members will be solicited virtually on a “no-objection” basis (see also Paragraph 45 on Method of Voting).
41. **Agenda:** the Secretariat shall prepare the provisional agenda for the meetings and the relevant documentation and shall provide these to the members of the Steering Committee no less than five working days prior to the meeting. At the beginning of each meeting, the Steering Committee shall adopt the agenda for the meeting. Any item that was included in the agenda, but consideration for which was not completed at that meeting, shall be included automatically in the provisional agenda for the next meeting unless otherwise decided upon by the Steering Committee.
42. **Decisions of the Steering Committee:** the co-chairs shall ascertain a consensus. If all practicable efforts by the members and the co-chairs have been made and no consensus appears attainable, any designated member may make a motion for a formal vote.
43. Decisions requiring a formal vote shall be taken by a double weighted majority, that is, an affirmative vote representing both a simple majority of the total number of members present at the meeting and a simple majority of the total contributions of the contributing members present. In the case of members representing contributors, the vote shall automatically be regarded as double with the second vote being weighted based on the contributor’s current contribution.
44. **Conflict of Interest:** individuals representing the role of a sponsor or Partner or Implementing Agency for the proposed projects under deliberation by the Steering Committee are allowed to participate in the deliberation. However, such individuals shall be required to withdraw from the meeting during the ensuing decision process.
45. **Method of Voting:** voting shall be by roll-call, which shall be taken in alphabetical order of the names of the entities/group of entities each represented by a member. Each member called shall indicate his/her vote by either a “yes”, or “no”, or “abstention”. The Secretariat shall be responsible for tallying votes on the above basis and for ensuring that any affirmative vote represents first a simple majority of the total number of members present at the meeting and second, in respect of contributor votes, that the weighted votes of the contributor members present casting an affirmative vote represent a simple majority of the total contributions to the Java Reconstruction Fund of the contributor members present. If there is no quorum as set out in Para 40, votes from absent members will be solicited virtually.

46. **Decision without Meeting:** whenever, in the judgment of the Secretariat, a decision must be taken by the Committee which cannot be postponed until the next regular meeting of the Committee but does not warrant the calling of a special meeting, the Secretariat shall transmit to each member by any rapid means of communication a proposed decision with an invitation to endorse the decision on a no objection basis virtually.
47. Each member's comments on the proposed decision on behalf of the entity it represents shall be sent to the Secretariat during such period as the Secretariat may prescribe, provided such period is not less than 5 working days.
48. At the expiration of the period prescribed for comments, the decision shall be endorsed unless there is an objection and recorded in the minutes of the next Steering Committee meeting. If there is an objection raised by any member, the Secretariat shall include its proposed decision as an item on the agenda for consideration at the next Steering Committee meeting. The Secretariat shall notify all members accordingly.
49. **Record of the Meeting:** following discussion of any particular item on the agenda, or other issues raised during the meeting, that requires a decision of the Steering Committee, the Co-Chairs shall present a joint summary of the main discussions and, based on those, endeavor to seek a consensus solution.
50. At the end of the meeting, the Secretariat shall summarize the decisions reached, whether by consensus or vote, and this summary shall be highlighted in the minutes of the Steering Committee meeting.
51. The Secretariat shall arrange appropriate recordings of the proceedings of each meeting. When the Steering Committee endorses a project concept the minutes shall include the name of the project concept, the amount allocated subject to satisfactory appraisal, the name of the Partner Agency and the name of the Implementing Agency and the funding mechanism/flow of funding for the project. The minutes shall be circulated to members within 5 working days of the Steering Committee meeting and members shall be given 5 working days to comment on them from the date of such circulation. After that 5 day review period, the Secretariat shall include comments and circulate the final draft minutes within 10 working days of the next Steering Committee meeting. These draft minutes shall be formally approved at the next Steering Committee meeting. Upon being formally approved, the minutes will then be posted on the Java Reconstruction Fund website (www.javareconstructionfund.org).
52. **Amendments to the Rules:** these rules may be amended by following the same decision making processes of the Steering Committee as described above.

C. THE TECHNICAL REVIEW COMMITTEE

53. The Steering Committee shall be assisted in their oversight function by the Technical Review Committee (TRC). The purpose of the Technical Review Committee is to carry out any duty delegated to it by the Steering Committee, though endorsements pursuant to Paragraph 24 will not be delegated by the Steering Committee to the TRC.
54. **Composition:** the Technical Review Committee shall consist of officially nominated representatives of the members of the Steering Committee. Also included are local government representatives from Government of DIY (Special District Yogyakarta) and Government of Central Java. Bappeda Central Java will coordinate with BPBD (Regional Agency for Disaster Mitigation or *Badan Penganggulangan Bencana Daerah*) Central Java on matters related to the JRF program. Representatives shall be expected to have technical knowledge of the topics discussed and have sufficient time to attend meetings and carry out its responsibilities. When necessary, representatives from technical or related sectors from government institutions may be included in the TRC as advisors to the nominated TRC government institution representative/s.
55. **Functions:** the Technical Review Committee function may include:
- Review the PCNs and PADs prior to “no objection” decision.
 - Review the Quarterly Financial Reports and the semi-annual JRF portfolio reports, prepared by the Secretariat.
 - Review the mandatory progress reports submitted by the individual projects, as well as other related documentation such as project inception reports, project mid-term evaluations and project completion reports.
 - Where applicable, participate in appraisal and supervision missions as observers.
 - Review amendments to the Operations Manual.
 - Attend meetings to discuss monitoring and evaluation arrangements and activities on the portfolio level and to coordinate JRF-related monitoring and evaluation activities of donors.
 - Discuss any policy issue that the members of the Steering Committee want to raise to this forum.
 - With assistance from the Secretariat, highlight issues in project and program performance to the Steering Committee.

The Technical Review Committee shall be assisted by the Secretariat in carrying out its functions. The Secretariat may support the Technical Review Committee by providing their evaluations of reports, PADs, PCNs and other relevant

- documents submitted by the Partner Agencies; organize logistics for meetings and field trips; and other assistance where appropriate.
56. **Meetings:** the Technical Review Committee shall meet as regularly as necessary to review the documentation submitted for its review. The Secretariat shall give notice of the date and venue for each meeting to the members no less than five working days prior to the date of such meeting. The Secretariat, on behalf of the Steering Committee, may invite observers to the meeting as it deems appropriate.
 57. **Agenda:** the Secretariat shall provide the agenda and relevant documents no less than five working days prior to the meeting⁶. Members of the Technical Review Committee shall have the right to request agenda items and/or where appropriate, initiate Technical Review meetings.
 58. **Recommendations of the Technical Review Committee:** Technical Review Committee recommendations are to provide assurance to the Steering Committee that each proposal/report/evaluation has been considered carefully at a technical working level, and provide the Steering Committee with guidance in their decision-making. Not all meetings of the Technical Review Committee may result in recommendations.
 59. **Record of Meetings:** the Secretariat shall keep minutes of each Technical Review Meeting. Minutes shall be circulated to all Technical Review Committee members (including those who did not attend meetings) no later than five working days after the meeting.

D. THE SECRETARIAT

60. The Steering Committee and the Technical Review Committee shall be assisted by the Secretariat, which shall be primarily responsible for coordinating the overall work program of the Java Reconstruction Fund. The Secretariat, which is established and managed by the Trustee, will report to the Steering Committee on all operational matters and to the Trustee on all administrative matters. The Secretariat shall be based at the World Bank Office in Jakarta.
61. **Composition:** the Secretariat shall be led by the World Bank designated Program Manager who shall be assisted by appropriate staff including but not limited to coordination, communication, finance, Monitoring and Evaluation personnel. There is also a liaison officer based in Yogyakarta to provide field coordination with various stakeholders. Some of the team members of the Java Reconstruction Fund may also work for the Secretariat of the Multi Donor Fund for Aceh and Nias. In addition, should additional short term expertise be required, the

⁶ External independent evaluations of PCNs or PADs are provided a day prior to the scheduled meeting.

Secretariat may engage external consultants or bring in support from other partners.

62. **Functions and Responsibilities:** the Secretariat shall be responsible for: (i) coordination and management of the work program of the Trust Fund; (ii) review of the overall progress of Projects; (iii) monitoring and evaluation of the Program; and (iv) review of the status of the disbursement of grants and transfers. In fulfilling its responsibilities, it may include the following duties:

- a) Prior to each meeting of the Steering Committee, prepare reports and make recommendations, as appropriate, for endorsement by the Steering Committee;
- b) Prepare a semi-annual consolidated report on activities funded by the Java Reconstruction Fund, including status of portfolio of projects status of implementation, disbursements for the previous period and projections, pipeline and financing requirements of projects, costs incurred to administer the JRF, and other pertinent information;
- c) Review reports submitted on the activities of the Java Reconstruction Fund prior to their submission to the Steering Committee;
- d) Answer queries related to the Java Reconstruction Fund;
- e) Handle logistical arrangements for meetings of the Steering Committee and Technical Review Committee;
- f) Disseminate to contributors and observers all such information, recommendations and requests as may be received from time to time relating to the programs and projects;
- g) Ensure timely reporting of all JRF operations by the designated Partner Agencies to the Steering Committee and the public;
- h) Monitoring and evaluation of the Java Reconstruction Fund program according to a results framework and reporting against that results framework in the semi-annual reports (The M&E function is elaborated further in Section V);
- i) Prepare minutes of each meeting of the Steering Committee and provide copies thereof to each member in accordance with the procedures for recording Steering Committee meetings described above.
- j) Provide stakeholder coordination in Jakarta as well as in the field.

E. PARTNER AGENCIES

63. The World Bank or other institutions (such as the ADB and selected agencies from the United Nations Group) may be endorsed by the GOI and the Steering Committee as Partner Agencies to be responsible for the appraisal, supervision, and monitoring and evaluation of a project, and for the administration of any grant from the Java Reconstruction Fund to finance such project. Each such endorsement shall indicate that the Partner Agency's own fiduciary framework

and governance arrangements, policies and procedures, including audits, safeguards, and procurement procedures, are acceptable to the World Bank as Trustee and the Steering Committee. If an international development institution other than the World Bank is designated as the Partner Agency for a particular project, then the World Bank, as Trustee, will enter into a Fiscal Agency Agreement with that Partner Agency. Under this circumstance, the Partner Agency shall administer the project in accordance with its own fiduciary framework and governance arrangements, policies and procedures, including audits and procurement procedures, and the fiscal agency agreement, and will be responsible for reporting on the grants they administer to the Government of Indonesia, the Trustee, and the Steering Committee. As a result of ongoing harmonization among such multi-lateral agencies, there is a lot of common ground among the fiduciary frameworks, governance arrangements, policies and procedures of each. However, there are also others which can be specific to a particular partner institution. A summary of the operational procedures of the World Bank as one of the partner agencies is provided in Annex 1.

64. For those grants administered by Partner Agencies other than the World Bank, World Bank shall have limited responsibilities. In such cases, the World Bank, in its role as Trustee, shall only transfer such funds as endorsed by the Steering Committee to account(s), arranged by the relevant Partner Agency for its administration in accordance with the Fiscal Agency Agreement between the World Bank and the designated Partner Agency, for that particular project. Funds would be transferred progressively in a series of tranches as implementation takes place. Partner Agencies may only be the same as Implementing Agencies for the projects financed by Java Reconstruction Fund if the Partner Agency is able to internally separate the functions of the Implementing Agency (implementation of the project) and the Partner Agency (appraisal, supervision and monitoring of the project). It is also possible for one agency within the UN Group to be designated the Partner Agency while a different agency within the UN Group is designated as the Implementing Agency.
65. A Fiscal Agency Agreement shall be executed between the Trustee and the Partner Agency designated for that project as soon as practicable after endorsement of the project and designation of the Partner Agency by the Steering Committee.

E. IMPLEMENTING AGENCIES

66. Projects for which funding is channeled through the Government's budget shall be implemented by a Government line agency or its designated Implementing Agency such as an NGO, or where requested by Government of Indonesia, a UN agency. Projects for which funding is not channeled through Government's budget may be implemented by entities other than Government line agencies such as Partner Agencies, UN agencies and NGOs. The Java Reconstruction Fund

operates a policy of financing projects under APBN (State Budget of Revenues and Expenditures), where appropriate. Therefore, additional explanation is required to justify why funding should be outside of the Government's budget channel.

F. COST RECOVERY ARRANGEMENTS

67. World Bank, as Trustee, may deduct from the contributions and transfer to itself an amount not exceeding 0.32% of the contribution as an administrative fee. In addition, an amount not exceeding 3.50% of the total contributions to the Java Reconstruction Fund to cover the actual costs of: (a) management of the program; and (b) implementation support provided under individual projects.

IV. MECHANISMS FOR FINANCING PROJECTS

A. CONDITIONS FOR ELIGIBILITY

68. The Java Reconstruction Fund shall provide grant funding for projects, and related activities in support of the Government's Reconstruction Program. Proposals should meet the following selection criteria:
- Project Concepts should be consistent with the Indonesian government's recovery strategy for Yogyakarta, Central Java and West Java
 - Project Concepts should enable the efficient, speedy and sustainable recovery of Yogyakarta, Central Java and West Java, and be completed within the life of the Fund (November 2006-June 2011⁷);
 - Projects may be either on the government's budget, ("on-budget") in which case they will be implemented by a government agency (central, provincial, or local) or its designated Implementing Agency, such as an NGO, foundation, or UN agency with funds flowing through special accounts set up by Treasury, or off the government's budget, in which case the funds will flow directly through the Partner Agency to the Implementing Agency (see also Para 66)⁸.
 - Project Concepts may be prepared using the Project Concept Note Outline attached in Annex II (herein after referred to as the "PCN"). PCNs must be submitted to the JRF Secretariat with recommendation from Bappenas in consultation with relevant subnational governments supporting the PCN.

⁷ Closing date for JRF is December 31, 2011. However, all project activities must be completed by June 30, 2011 to allow for completion of associated reporting.

⁸ For the remainder of the JRF program, all projects, including the off-budget ones, will be recorded according to GOI's internal requirements and processes.

Bappenas' submission of PCN will be taken as automatic confirmation that all relevant GOI regulations are conformed to.

- Project Concepts should be fully compatible with the Partner Agency's policies and procedures, including those for emergency operations and follow the Partner Agency's internal QA review processes.

B. TERMS AND CONDITIONS GOVERNING JAVA RECONSTRUCTION FUND GRANTS

69. Consistent with fast-tracking disbursements from the Java Reconstruction Fund, each Partner Agency shall apply their own appropriate procedures including simplified project designs, use of emergency procedures and project start-up support etc.
70. The following shall apply to all Java Reconstruction Fund grants:
 - each grant shall be approved and administered in accordance with the applicable guidelines of the Partner Agency, as the case may be, subject to fifth bullet point below in respect of procurement eligibility;
 - grants shall be denominated in United States Dollars;
 - the Partner Agency, as the case may be, shall, for purposes of each grant, conclude a Grant Agreement with the Grant Recipient, indicating in particular that the resources have been provided from the Java Reconstruction Fund. The Grant Agreement will, among other clauses, include the various items bulleted in this paragraph;
 - notwithstanding the foregoing bullet point, in those circumstances as described in paragraph 64 where the Partner Agency is a UN Agency that is able to internally separate the functions of the Implementing Agency (implementation of the project) and the Partner Agency (appraisal, supervision and monitoring of the project), or where one agency within the UN Group to be designated the Partner Agency while a different agency within the UN Group is designated as the Implementing Agency, the funds may be used directly by the Partner Agency without a grant agreement to a further recipient;
 - the procurement of goods, works and services financed under the grants shall adhere to the principles of economy, efficiency, and transparency in the implementation of the approved project while giving all eligible bidders a fair and equal opportunity to bid on a competitive basis without restriction for the supply of such goods, works, and services based on nationality or country of origin;

- the design and implementation of projects financed by the grants shall ensure that appropriate governance, environmental, and social safeguards arrangements are established and carried out in accordance with principles that build ownership, prevent and mitigate undue harm to people and their environment in the rehabilitation and reconstruction process, through the participation of recipients and other stakeholders;
- the grant recipient or Partner Agency when also acting as the Implementing Agency, shall be required to: (i) maintain an appropriate and adequate financial management system, including records and accounts, and prepare financial statements adequate to separately reflect the operations, resources and expenditures related to the project financed under the grant; and (ii) have the above-mentioned records, accounts and financial statements audited, in accordance with auditing standards acceptable to the Trustee, by independent auditors acceptable to the Trustee;
- the grant recipient or Partner Agency when also acting as the Implementing Agency, shall be required to provide, and implement projects in accordance with, procurement and anti-corruption plans.

C. ACTIVITY MENU

71. The Java Reconstruction Fund shall help fund projects, programs and related activities in support of the GOI's recovery and reconstruction efforts, including the following:
- **Housing reconstruction and rehabilitation:** provision of grants and related assistance to support the reconstruction and rehabilitation of damaged and destroyed housing in Yogyakarta, Central Java and West Java;
 - **Livelihood restoration:** provision of grants and related assistance to enable victims of Natural Disasters in Yogyakarta, Central Java and West Java to start or restart businesses to pursue productive and income generating activities on a sustainable basis;

The above activities may be delivered through: new stand-alone projects, co-financing of new projects, additional financing of new or existing components within ongoing projects, technical assistance activities, or through GOI's sectoral or multi-sector programs that are part of the rehabilitation and reconstruction efforts.

72. In terms of its policy, the Java Reconstruction Fund prefers that most of the fund expenditures will be on the Government's budget with funds flowing through dedicated accounts that are able to be monitored and reconcilable. All on-budget financing would be contingent upon the Government (i) issuing the necessary warrant (DIPA) to ensure the prompt release of funds, and (ii) putting in place a strong

governance structure for each proposed activity, including fiduciary, management, accountability, and stakeholder participation components. In the event the Government cannot meet these conditions in a timely manner, the Fund shall also have the flexibility to provide quick-disbursing funds off the Government's budget through a grant administered by a Partner Agency. During appraisal, Partner Agencies in conjunction with the identified Implementing Agencies, would define indicators that would trigger disbursements in tranches to the Partner Agencies.

D. OPERATIONS CYCLE OF JAVA RECONSTRUCTION FUND-FINANCED ACTIVITIES

(i) Summary Table

(See also Annexes Va & Vb for flowcharts of the operations cycle.)

Steps/Actions Required	Who is Responsible?	Performance Standards
<p>1. Project Concept Note (PCN) Submission (excluding projects for accelerated decision-making⁹)</p> <p>(a) Proponent with relevant line ministry submits PCN to Bappenas (b) Bappenas reviews and recommends PCN & proposed Partner Agency. (c) Bappenas submits PCN to the Steering Committee (via Secretariat) with a letter from the Director for Multilateral Foreign Financing under the Deputy Minister for Development Funding supporting the request</p>	<p>Proponent Bappenas Bappenas</p>	<p>JRF Template</p>
<p>2. Evaluation by Secretariat and Technical Review Committee</p> <p>(a) Secretariat circulates PCN to Technical Review Committee with invitation to Technical Review meeting. (b) Secretariat conducts PCN evaluation and submits to Technical Review Committee. (c) Technical Review Meeting</p> <p>Prior to submission to the SC, the Partner Agency should seek all relevant internal clearances for the PCN</p>	<p>Secretariat Secretariat (may invite external evaluator) Secretariat, Proponent, Partner Agency, Technical Review Committee members</p>	<p>Upon receipt of PCN</p> <p>At least one working day before Technical Review meeting.</p> <p>No later than five working days after circulation</p>
<p>3. Steering Committee meeting and decision</p> <p>(a) Submit PCN to Steering Committee for “no objection” of PCN and designated PA with invitation to Steering Committee meeting. (b) “No objection” endorsement at Steering Committee meeting (c) Inform proponent and Partner Agency of SC decision</p>	<p>Secretariat Steering Committee Secretariat</p>	<p>At least five working days before Steering Committee meeting.</p> <p>Within five working days after Steering Committee meeting.</p>
<p>4. Appraisal¹⁰</p> <p>Partner Agency conducts appraisal of project and submits appraisal documentation to the Steering</p>		<p>As agreed with Partner Agency and proponent at the time of PCN</p>

⁹ For projects fast-tracked for accelerated decision-making, PCN template is optional.

¹⁰ Appraisal pertains to assessment of technical, financial, procurement, and audit aspects of a project under preparation as well as on-budget readiness.

Committee (via the Secretariat) after conducting its own due diligence.	Partner Agency	approval
<p>5. Evaluation of appraisal documentation by Secretariat and the Technical Review Committee</p> <p>a) Secretariat circulates appraisal documentation to Technical Review Committee with invitation to Technical Review meeting.</p> <p>(b) Secretariat reviews appraisal documentation and solicits external evaluation by sectoral experts before submitting to Technical Review Committee.</p> <p>(c) Technical Review Meeting</p> <p>Prior to submitting the PAD to the SC, the PA should seek all internal clearances for the PAD</p>	<p>Secretariat</p> <p>Secretariat</p> <p>Secretariat, Proponent, Partner Agency, Technical Review Committee member.</p>	<p>Upon receipt of appraisal documentation from Partner Agency.</p> <p>At least one working day before Technical Review meeting.</p> <p>No later than five working days after circulation</p>
<p>6. Steering Committee decision – appraisal documentation</p> <p>(a) Submit appraisal documentation to Steering Committee for “no objection” to PAD and designated PA.</p> <p>(b) Steering Committee provides “no objection” endorsement including designation of the Partner Agency.</p> <p>(c) Inform proponent and Partner Agency of SC decision</p>	<p>Secretariat</p> <p>Steering Committee</p> <p>Secretariat</p>	<p>Upon receipt of final version of the appraisal documentation</p> <p>Within five working days of submission.</p> <p>In writing within five working days of decision.</p>
<p>7. Partner Agency Approval</p> <p>The Partner Agency will process final approval from relevant authorities within its management to supervise utilization of the grant by the Implementing Agency</p>	Partner Agency	As agreed with Partner Agency at PCN approval stage
<p>8. Grant Agreement/Fiscal Agency Agreement and Funds Transfer</p> <p>(a) Execution of Grant Agreement or Fiscal Agency Agreement.</p> <p>(b) Transfer funds</p>	<p>Trustee and Partner Agency</p> <p>Trustee</p>	<p>Within thirty working days of SC endorsement.</p> <p>Within five working days of effectiveness of the legal agreement, in accordance with the legal agreement.</p>
<p>9. Project Implementation</p> <p>Implementation by the Implementing Agency</p>	Implementing Agency (IA)	In accordance with appraisal documentation.
<p>10. Project Supervision and Monitoring</p> <p>Supervision of the implementation activities and monitoring of physical and financial progress.</p> <p>Reporting to the Steering Committee (via the Secretariat) of physical and financial progress.</p>	<p>Partner Agency</p> <p>Partner Agency</p>	<p>In accordance with the rules and regulations of the Partner Agency, but in any event, supervision missions taking place at least every six months.</p> <p>In accordance with the rules and regulations of Partner Agencies and the legal agreements, but no less than every six months. The Partner</p>

		Agency may also be requested to provide regular updates to the Steering Committee.
11. Independent Evaluation of Implementation Independent monitoring and evaluation.	Suitable independent entity engaged by Partner Agency acceptable to the Implementing Agency	At mid-term and closure of the activity (only for projects longer than two years).
12. Project Completion Preparation of completion report	Partner Agency	No later than six months after closing date of the Grant Agreement/Fiscal Agency Agreement for the particular activity

(ii) Explanation of Each Step in the Operations Cycle of Java Reconstruction Fund Activities

STEP 1: Project Concept Note (“PCN”) Submission

73. Project proponent with relevant line ministries may submit to the Bappenas a project concept in accordance with JRF PCN template (provided in Annex II). Submission to Bappenas implies confirmation that proponent and Partner Agency have taken the PCN through their respective internal clearance processes. The PCN should also indicate (i) whether the proposed concept is seeking on-budget or off-budget financing modality¹¹; and (ii) the Implementing Agency, which, for on-budget, would be a GOI line agency.
74. Government Agencies and/or potential Partner Agencies may, if considered appropriate, propose a project concept that may be an extension of an existing project that is being executed by the Government Agency and/ or supervised by the Partner Agency, so long as it is considered to be consistent with the Government’s Action Plan, and is considered to be a priority.
75. Bappenas will first register the PCN and review the project concept to (i) ensure that it is consistent with the Government’s Action Plan; (ii) confirm that the proposed project concept is a priority for financing under the Government’s Action Plan and meets local community needs, and whether it is priority for provincial and local governments. The project concept should indicate the proposed Partner Agency and Implementing Agency. The Bappenas should also indicate whether the project will be financed on-budget (with funds flowing through the government, APBN) or off-budget.

¹¹ As the Java Reconstruction Fund operates a policy to fund projects on-budget, where appropriate, if the PCN proposes off-budget financing, additional explanation is needed to justify why off-budget financing is more appropriate.

STEP 2: Evaluation of PCN by Secretariat and Technical Review Committee

76. Upon receipt of the PCN (and any other supplementary information provided by the proponent), the Secretariat shall review the PCN for completeness and if needed return back to proponent with guidance for measures for improvement. Once the Secretariat is satisfied with the quality, the Secretariat shall circulate the document to members of the Technical Review Committee (comprised of representatives of the Steering Committee members and official observers) with an invitation to attend the Technical Review meeting. The Technical Review meeting shall take place no less than five working days after PCN circulation. The purpose of the Technical Review is to enable (i) the proponent(s) to present the project concept to interested members/observers; (ii) members/observers to seek and receive clarifications on any technical issues related to the concept; and (iii) TRC recommendation on project endorsement to the Steering Committee.
77. At least one working day prior to the Technical Review meeting, the Secretariat shall strive to circulate its evaluation of the PCN, using the template included in the Annex II. The Secretariat evaluates whether the PCN fulfills the eligibility criteria and is consistent with the Policy of the Java Reconstruction Fund. The Secretariat may seek external expertise in the relevant sector(s) to assist in its evaluation. While appreciating that it is still a project concept, the Secretariat may request at this time that the proponent(s) prepare supplementary information that it considers may be necessary to be provided to members/observers at the Technical Review. The purpose of this evaluation is to provide Technical Committee members the views of the Secretariat so that it may be used for further discussion at the Technical Review meeting.
78. At the Technical Review meeting, based on clarifications provided by the proponent(s), attendees of the Technical Review shall provide one of the following recommendations to the Steering Committee: (i) project concept note be presented for formal endorsement at the next SC meeting, (ii) the project concept be held over and revised for potential consideration at another future SC meeting; or (iii) project concept be returned to the proponents as not being suitable for financing by the Java Reconstruction Fund. The Secretariat will review revised PCNs regarding fulfillment of all information requirements as requested by TRC and documented in the minutes. Once the Secretariat is satisfied that all issues have been answered, then the PCN is submitted to the Steering Committee. In any event, the Steering Committee meeting shall take place no less than 5 working days after the submission of the PCN to the SC. The Secretariat shall take and circulate minutes of the Technical Review meeting that reflect key discussion points and recommendations. Depending on the nature of the revisions, the Secretariat may hold an additional Technical Review meeting prior to or after the proponent(s) re-submits the PCN. For PCN which the TRG considers not suitable for MDF financing, the TRG may recommend informing the Steering Committee of such rejection.

79. In exceptional circumstances where the Technical Review Committee is satisfied that a project concept is ready for formal endorsement by the SC and the date of the next SC meeting is either unknown or programmed for several weeks away, then, at the recommendation of the Secretariat, the PCN (and any supplementary information), and the Secretariat evaluation, may be (i) posted on the Java Reconstruction Fund secure website, or (ii) circulated to members electronically. The Secretariat would then follow the Steering Committee's Rules of Procedures for a decision without meeting. Members would be given a period of five working days to formally object. If no objections are received by close of business on the fifth day, the project concept would be deemed to have been formally endorsed by the SC. The Secretariat would inform the Steering Committee of the decision and would be recorded as such at the minutes of the next SC meeting. Only voting members of the Steering Committee will have the power to lodge an objection. If objections are received, then proposals would be submitted for full Steering Committee discussion.

STEP 3: Steering Committee meeting and decision

80. An invitation to the Steering Committee meeting shall be circulated electronically to all members/observers and their representatives at least five working days prior to the meeting. The invitation shall contain details relating to the venue, date and time and the agenda. In addition, all relevant information pertaining to the SC meeting such as (i) draft minutes of the previous SC meeting; (ii) PCNs, supplementary information, Secretariat Concept Evaluation(s) put forward for SC "no objection"; and (iii) other up-dated relevant information on Java Reconstruction Fund financial and operational status; will be posted on the Java Reconstruction Fund website or circulated to members electronically.
81. The Steering Committee will discuss PCN(s) put forward for their endorsement. The Steering Committee's endorsement will include the following: (i) designation of the Implementing Agency and the Partner Agency (and designation of the Partner Agency to act also as the Implementing Agency in the case of certain UN agencies as described in paragraph 64; (ii) allocation of funds for implementation subject to successful appraisal that meets requisite terms and conditions as agreed with Partner Agency and proponent at the time of PCN endorsement. The decision of the Steering Committee will be communicated to the GOI, the proponent(s), Implementing Agency (if different) and Partner Agency by the Secretariat in writing within five working days of the minutes being approved.
82. Steering Committee endorsement may come in two forms: (i) unconditional endorsement; and (ii) endorsement subject to several conditions/issues that may be addressed at the appraisal stage. Should SC endorsement come in the second form, the conditions/issues shall be communicated in writing to the proponent(s), GOI, Implementing Agency and Partner Agency by the Secretariat. These conditions/issues shall be reflected in the minutes of the meeting.

83. If the PCN is not endorsed by the Steering Committee, the Steering Committee can either (i) refer the PCN to Bappenas as unsuitable; or (ii) return back to the proponent. Revised PCN would follow the same process (#77).

STEP 4: Appraisal

84. Endorsement of a PCN by the Steering Committee is a signal for the Implementing Agency to prepare the project/program and the designated Partner Agency to proceed with appraisal of the project as soon as practicable from the receipt of the Secretariat's written advice on the Steering Committee's endorsement. SC endorsement of the PCN does not guarantee that the project will be eventually approved.
85. The appraisal mission should be undertaken in accordance with the applicable policies and procedures of the designated Partner Agency and should be completed with the time frame as agreed with the Partner Agency and proponent at the time of PCN approval to ensure quality project document. In addition to ensuring compliance with the Partner Agency's own policies and procedures, the appraisal documentation should also confirm compliance of the proposed activities with the terms and conditions that govern Java Reconstruction Fund grants including the Contribution Agreements of the Java Reconstruction Fund, Standard Provisions governing contributions to the JRF and this Operations Manual. Amongst many factors for assessment, appraisal shall include assessment of institutional arrangements, technical quality and economic viability with specific attention given to governance and anti-corruption measures. Members of the Steering Committee and the Secretariat should be invited to participate in the appraisal mission.
86. The appraisal documentation, submitted to the Java Reconstruction Fund, shall be formulated in accordance with the requirements of the designated Partner Agency but, at a minimum, must cover arrangements relating to:
- Procurement;
 - Financial management;
 - Social and environmental safeguards;
 - Management structures;
 - Visibility;
 - Monitoring and evaluation;
 - Governance;
 - Anti-corruption;
 - Mandatory reporting obligations;
 - Requirement for Project Inception Report and project logframe to be produced within 3 months of the project becoming effective; and

- Supervision Plan for the life of the project (frequency, tentative dates, specialist areas/responsibilities of each supervision team member etc),
- Completion by June 30, 2011¹².

Ideally, the main text of the appraisal documentation should not exceed 30 pages in 12 point, single spaced text.

87. The appraisal documentation shall meet minimum standards for monitoring and evaluation including adequately defined indicators with base-line values and arrangements for monitoring achievement of results. These will include:

- (i) Precisely defined project indicators, base-line values, and targets:
 - Indicators of progress should be limited in number and reflect elements that make a critical difference to the lives and welfare of people affected.
 - Indicators should be measurable (allowing meaningful comparison between geographical areas, over time, and with expectations). Their status should be able to be monitored at reasonable cost.
 - Indicators, base-line values, and targets should be clearly defined to avoid disputes about whether or not a program is on track.
 - Expected results or targets should be achievable within the time frame indicated.
 - Where appropriate, the performance indicators used for monitoring achievement should integrate with sector indicators and quality standards agreed by all stakeholders operating in the concerned sector(s) and should be compatible with the GOI monitoring (information) system.

- (i) Ensuring that monitoring and evaluation functions are established within Implementing Agencies and Partner Agencies. The appraisal package should indicate what strategy will be used to obtain and disseminate information and how monitoring will feed into the decision-making process – what mechanisms exist (or need to be established) for program review and adjustment, and how local communities and civil society organizations will be involved in monitoring progress¹³. Implementing Agencies and Partner Agencies should have reasonable prospects of

¹² The official end date of the JRF is December 31, 2011. However, all activities must be completed by June 30, 2011 to allow for completion of associated reporting.

¹³ Possible strategies for obtaining and using information include (i) Routine information systems or surveys operated by the GOI or other Executing and/or Implementing Agencies. (ii) Independent monitoring by qualified outside agencies (universities, NGOs, other agencies). (iii) Participatory processes in which communities engage in monitoring of services independently of formal structures. The M&E plan may also specify what training and other support might be needed by community organizations to take part in monitoring.

reporting on performance indicators on a six monthly basis and meet reasonable information requests from the Steering Committee.

- (ii) Ensure that the monitoring and evaluation framework is consistent and aligned with the Java Reconstruction Fund results framework.
88. Where Java Reconstruction Fund is funding an extension to a project that already exists in the Partner Agency Portfolio, the Partner Agency need only produce a brief document that highlights the key differences/changes between the project extension being funded by JRF and the existing project that it is supervising, and shows that the project meets the requirements of the JRF as set out in paragraphs 86-87. The Partner Agency may then submit to the Secretariat its appraisal package comprising its previous appraisal document(s) for the project plus the brief document highlighting the differences/changes for the extension being funded by Java Reconstruction Fund.
89. The Partner Agency shall, within 30 working days of receiving notice of SC endorsement, submit completed appraisal documentation to the Java Reconstruction Fund (via the Secretariat).

STEP 5: Evaluation of the appraisal documentation by the Secretariat and the Technical Review Committee

90. Upon receipt of the appraisal documentation from the Partner Agency, the Secretariat shall review and circulate the document to members of the Technical Review Committee (comprised of representatives of the Steering Committee members and observers) no less than 5 work-days prior with an invitation to attend the Technical Review meeting. The purpose of the Technical Review is to enable (i) the Partner Agency to present the project to interested members/observers; and (ii) members/observers to seek and receive clarifications on any technical issues related to the appraised project.
91. At least one working day prior to the Technical Review meeting, the Secretariat shall circulate its evaluation of the appraisal documentation. The purpose of this evaluation is to provide Technical Committee members the views of the Secretariat so that it may be used for further discussion at the Technical Review. The Secretariat shall evaluate the project on the following:
- (i) That the appraisal documentation complies with requirements of the Operations Manual;
 - (ii) To note any changes between the appraisal documentation and the PCN and request clarification from the Partner Agency on those changes.
 - (iii) Technical considerations of the project, including:
 - Inclusion of Environmental and Social Safeguards
 - Mitigation Risks

- Procurement Plan and Anti-Corruption Plan
 - Clear governance arrangements
 - Adequate level of detail on the project, including specific M&E arrangements
 - Alignment with JRF Results Framework
 - General recommendation of the appraisal, and specific recommendations for further improvements on the project
- (iv) Financial and Disbursement Arrangements
- (v) Capacity of the implementing agency to implement the project. This may include recruitment and procurement capacities, as well as ability to establish and implement acceptable financial management processes.
92. Based on clarifications provided by the Partner Agency at the Technical Review meeting, members attending the Technical Review shall do one of the followings: (i) the appraisal package as previously circulated may be put forward to the Steering Committee for their endorsement; or (ii) subject to suggested revisions from the Technical Review Committee, the revised appraisal package may be put forward to the Steering Committee for their endorsement; or (iii) recommend for rejection.
93. Where the World Bank is the Partner Agency, actual costs of preparation, appraisal, and supervision shall be charged as they are incurred. Partner Agencies other than the World Bank shall submit to the Secretariat a full and detailed invoice of its costs to appraise the project concept, in accordance with the legal agreement between the Trustee and the Partner Agency. Subject to all information being provided, the Secretariat, on behalf of the Trustee, will reimburse the Partner Agency its appraisal costs within reasonable time of the invoice being submitted.

STEP 6. Steering Committee decision on appraisal documentation

94. For purposes of securing the “no objection”, the Secretariat will follow the Steering Committee’s Rules of Procedures for a Decision without Meeting.
95. Where members at the Technical Review agree that the previously circulated appraisal documents do not need any further revision/ modification, the appraisal documentation is circulated to the Steering Committee for their “no objection” endorsement. Where as a result of the Technical Review meeting, the Partner Agency needs to incorporate revisions/modifications were suggested by attendees of the meeting, the appraisal document shall be returned to the Partner Agency for revision. The Partner Agency shall re-submit the revised appraisal documentation to the Java Reconstruction Fund (via the Secretariat). Upon receipt of the revised documentation, the Secretariat shall review to ensure that the revisions are in accordance with Technical Review meeting, and upon satisfactory review circulate to the Steering Committee for their endorsement. Members shall have

- five working days, from the day of circulation by the Secretariat, to submit their objection.
96. Only voting members of the Steering Committee will have the power to lodge an objection. If no objections are received by close of business on the fifth day, the project would be deemed to have been formally approved by the SC.
 97. Should any voting member of the Steering Committee raise an objection to the appraisal documentation within the five working day deadline, and no endorsement is given, the appraisal documentation shall be returned to the Partner Agency with suggested revisions from member(s) of the Steering Committee. A revised appraisal documentation, taking into consideration concerns raised by member(s) of the Steering Committee, may be re-submitted to the Secretariat to be put forward for Steering Committee endorsement via the usual five day “no objection” method. Depending on the nature of the revisions, the Secretariat may hold an additional Technical Review meeting prior to or after the proponent(s) re-submits the appraisal documentation.
 98. Implicit in this “No Objection” process is the Steering Committee authorization to utilize previously allocated implementation funds upon the Grant Agreement/Fiscal Agency Agreement becoming effective. The Steering Committee’s endorsement will include the following: (i) designation of the Implementing Agency and the Partner Agency (and designation of the Partner Agency to act also as the Implementing Agency in the case of certain UN agencies as described in Paragraph 64; and (ii) allocation of funds for implementation. At this stage, the World Bank, as Trustee, may, after consulting with the Steering Committee, exercise its authority to deny funding to the proposed project where, in the view of the World Bank, as Trustee, reasonable doubts arise as to whether the funds concerned will be effectively utilized for the agreed purposes of the Java Reconstruction Fund.
 99. The decision of the Steering Committee will not be contestable, and will be communicated by the Secretariat in writing immediately to the Partner Agency. The Partner Agency will then advise the Implementing Agency. Such notification(s) should be provided within five working days from when the SC no objection came into force.

STEP 7. Partner Agency Approval

100. Upon receipt of the Secretariat’s written advice on the Steering Committee’s “no objection”, the Partner Agency will process final approval from relevant authorities within the Partner Agency management to supervise utilization of the grant by the Implementing Agency on the basis of the completed appraisal package report in compliance with its own policies and procedures.

STEP 8. Grant Agreement/Fiscal Agency Agreement and Funds Transfer

101. Where a Partner Agency, other than the World Bank, is designated by the Steering Committee, a Fiscal Agency Agreement shall be executed between the World Bank, as Trustee, and the designated Partner Agency. The Agreement will define the responsibilities of the Partner Agency: (i) in supervising the execution of the activity i.e. in appraising, supervising, monitoring and evaluating an activity in accordance with its own fiduciary framework and governance arrangements, policies and procedures, specify which part of the organization is Implementing and which part is Supervising; and (ii) in processing withdrawal applications and monitoring the use of grant funds i.e. in administering the grant, as specified in the Fiscal Agency Agreement, and for reporting on the utilization of the grant.
102. In such circumstances, the World Bank's responsibility will be limited to those of fiscal agent, first, transferring grant funds to (i) special account(s) where the project is "on the government's budget" or (ii) to Partner Agency accounts where the project is "off the government's budget". Where a project is "on the government's budget", the special account(s) may be either with the Bank of Indonesia or another commercial bank depending on project circumstances. Second, the World Bank, as fiscal agent, will recover any surplus grant funds at completion of the project for deposit back into the Java Reconstruction Fund in accordance with the Fiscal Agency Agreement.
103. Where the Partner Agency of the endorsed project is the World Bank, a Grant Agreement shall be executed between the Implementing Agency and the World Bank as Partner Agency. This process should be completed within thirty working days of Steering Committee endorsement. The World Bank as Partner Agency will furnish the Secretariat a copy of the countersigned Grant Agreement.
104. Unless special conditions for effectiveness are provided for in the Grant Agreement/Fiscal Agency Agreement, all Grant Agreements/Fiscal Agency Agreements shall become effective upon signature by both parties.
105. Upon receipt of the request for withdrawal from the Partner Agency, the Secretariat, on behalf of the World Bank, as Trustee, will arrange for the transfer of the initial payment to either (i) into the designated account(s) with Bank of Indonesia or other acceptable commercial bank at an appropriate location to suit the project when on the government's budget, or (ii) into the Partner Agency's account(s) when off the government's budget in accordance with arrangements between the designated Partner Agency and the Trustee. Subsequent payments shall be made in accordance with the arrangements between the Trustee and the Partner Agency. Upon completion of the project, all surplus funds either in Special Account(s) or in Partner Agency account(s) will be returned promptly to the Trustee for deposit back into the Java Reconstruction Fund.

STEP 9. Project Implementation

106. Upon effectiveness of the Grant Agreement/Fiscal Agency Agreement, the Implementing Agency may begin implementation and request for initial disbursements from the Partner Agency as applicable and as provided for in the arrangement between the Partner Agency and Implementing Agency. Implementation of the Grant will comply with the policies and procedures of the Partner Agency on items including retroactive financing, the Standard Provisions governing contributions from donors and this Operations Manual.
107. During project implementation, the Implementing Agency will produce regular progress reports and submit these to the Partner Agency, in accordance with arrangements between the Implementing Agency and Partner Agency. In cases of unsatisfactory progress, the Partner Agency may propose the suspension or cancellation of the Grant in accordance with its applicable policies and procedures.
108. The Secretariat, on behalf of the World Bank as Trustee, will arrange to replenish the project account by means of a transfer from the Java Reconstruction Fund account for the activity in accordance with the Grant Agreement/Fiscal Agency. Such tranche releases may be in accordance with particular triggers agreed during appraisal.

STEP 10. Project Supervision and Monitoring

109. The Partner Agency will supervise the Java Reconstruction Fund grant in accordance with its policies and procedures. Nevertheless, it is expected that the Partner Agency will field a supervision mission for Java Reconstruction Fund-financed projects as frequently as considered appropriate for the activity but at least once every year. Members of the Secretariat shall be invited to join these supervision missions and members of the Steering Committee may be invited at the discretion of the Partner Agency.
110. Apart from its own internal reporting processes, the Partner Agency will submit both hard and soft (electronic) copies of reports on physical progress, achieving results, and performance against relevant indicators, for each grant it administers to the Steering Committee, in accordance with the relevant arrangements through the Secretariat at least every six months. Reports on financial progress will be provided at least every three months and results of audits as agreed per Fiscal Agency Agreement. The Secretariat may provide templates such that data for monitoring purposes is provided to the Secretariat in a format suitable for its subsequent analysis and evaluation.

111. Implementing Agencies and Partner Agencies should conduct monitoring according to performance indicators (both baseline values and expected targets) previously defined during project appraisal, and report on findings in the regular progress reports submitted to the Secretariat. The Implementing Agency and Partner Agency should be prepared to provide monitoring data on a regular basis.
112. Progress reports of projects funded by Java Reconstruction Fund will be made available to Steering Committee members, Project specific monitoring data provided by the Implementing Agency in these reports will enable the Steering Committee to review the progress of grants by comparing the status of results over the period with project expectations.
113. In addition to supervision and monitoring through the Implementing Agency and the Partner Agency, the Secretariat may decide to review a selection of Java Reconstruction Fund-financed projects in more depth to verify brief reports and to obtain a greater understanding of obstacles to achieving results and how they may be overcome.
114. Where the World Bank is the Partner Agency, actual costs of preparation, appraisal and supervision shall be charged to the overall administration costs as they are incurred. Partner Agencies other than the World Bank shall submit to the Secretariat full and detailed invoices of its costs to supervise the project, in accordance with the Agreement between the Partner Agency and the Trustee. Subject to all information being provided, the Secretariat, on behalf of the Trustee, will reimburse the Partner Agency its supervision costs from the Java Reconstruction Fund upon receipt of invoice.

STEP 11. Independent Evaluation of Implementation

115. Where projects are longer than two years, projects shall be subject to monitoring and evaluation at mid-term and closure by an independent entity engaged by the Implementing Agency acceptable to the Partner Agency. The independent entity shall submit a report to the Secretariat. Steering Committee members and the Secretariat may review the terms of reference and join these independent evaluation missions. Where appropriate, projects may contract independent parties, such as NGOs and CSOs to conduct external checks and evaluations on a regular basis.

STEP 12: Completion

116. The Implementing Agency and the Partner Agency are required to submit a post-implementation completion report in accordance with the Partner Agency

procedures on the project activities financed under the Grant within six months after the completion of the project.

117. The Partner Agency will submit to the Secretariat, in conjunction with the completion report, a full and detailed final invoice of its costs to supervise the project. Subject to all information being provided, the Secretariat, on behalf of the Trustee, will reimburse the Partner Agency its final supervision costs from the Java Reconstruction Fund in a timely manner after the completion report has been accepted by the Secretariat.

NOTE: Accelerated Decision-Making

118. The above steps (1-12) represent standard procedures. The Java Reconstruction Fund also allows, in certain circumstances, for accelerated decision-making. Deviations from the above standard procedures shall not be undertaken unless advised by the Secretariat that the Steering Committee and the Trustee have approved accelerated processing.

E. AMENDING EXISTING PROJECTS

119. Where the Implementing Agency seeks to make changes to an existing project and the Partner Agency determines whether or not these changes are significant (see Para 120), procedures for seeking JRF approval are outlined below. It should be noted that, in addition to the JRF procedures outlined below, the relevant internal guidelines and processing requirements of the relevant Partner Agency will apply.

120. Amendments With or Without Request for Additional Financing

(i) **Major/significant change** that require modifications to the project development objectives and/or associated outcome targets¹⁴.

(ii) **Major/significant change** that do not require modifications to the development objectives or associated outcome targets but require modifications in project design, reallocations of inputs, changes in outputs¹⁵.

(iii) **Minor changes** may include modifications in executing units or denominations, implementation plans and schedule changes, new action plans to bring the project back on track, new reporting requirements (or other adjustments

¹⁴ According to World Bank guidelines, this is first order restructuring of project

¹⁵ According to World Bank guidelines, this is second order restructuring of project

to improve implementation), closing dates¹⁶, implementation dates that under the terms of the legal agreement may be put into effect by notice, or a reallocation of proceeds (< 10% of the allocation for a component or expenditure category) that do not affect the project's design, scope, or expected outcome.

Procedures for Processing Amendment Requests

121. **Minor changes and/or additional financing request less than < US\$250,000:** For Additional Funding Requests for less than \$250,000 as defined in Para 120(iii), the Secretariat shall, upon receipt of the documentation, circulate it to the Technical Review Committee (TRC), for their virtual review with a Secretariat evaluation and recommendation. The Technical Review Committee shall have five working days to recommend whether to (i) circulate to the Steering Committee for formal “no objection” endorsement; or (ii) circulate to the Steering Committee for formal “no objection” subject to satisfactory responses to questions and issues raised by the Technical Review Committee; or (iii) recommend not endorsing the Additional Financing Request. Minor Changes without additional funding as defined in Para 120(iii) do not require TRC or SC approval.
122. The Technical Review Committee or the Secretariat may deem the nature of Additional Financing Request would require a Technical Review meeting. Should this happen, the Secretariat shall organize the appropriate meeting. The Technical Review Committee shall recommend at the meeting the next steps for the Additional Financing Request. The Secretariat shall take and circulate the minutes of the Technical Review meeting that reflect key discussion points and recommendations.
123. Subject to the recommendation of the Technical Review Committee, the Secretariat shall circulate the Additional Financing Request to the Steering Committee for virtual endorsement within a five-day “no objection” period.
124. **Major Changes as defined in Para 120 (i), (ii) and/or should the Additional Funding Request be \$250,000 or above; and/or the reallocation of inputs is greater than 10%** of the allocation for a category component or expenditure category: The Secretariat shall circulate it to the Technical Review Committee with an invitation to the Technical Review meeting to discuss the Additional Funding Request with a Secretariat evaluation and recommendation. The Technical Review meeting shall take place no less than five working days after circulation of the Amendment Request. At the Technical Review meeting, the Technical Review Committee shall recommend whether to (i) circulate to the Steering Committee for formal “no objection” endorsement; or (ii) circulate to the Steering Committee for formal “no objection” subject to satisfactory responses to

¹⁶ Closing date extension is often referred to as “no-cost” extension as there is no additional financing sought from the JRF by the Partner Agency to complete the project. However, it should be noted that any closing date extension would necessarily incur additional costs in supervision and other related expenses.

- questions and issues raised by the Technical Review Committee; or (iii) recommend not endorsing the Additional Funding Request. The Secretariat shall take and circulate the minutes of the Technical Review meeting that reflect key discussion points and recommendations.
125. Subject to the recommendation of the Technical Review Committee, the Secretariat shall circulate the Additional Funding Request to the Steering Committee for virtual endorsement within a five-day “no objection” period, or for full Steering Committee decision.
126. The implementation period for any projects for which Additional Funding Requests are submitted may not have existing or new closing dates of later than June 30, 2011 to meet the requirements of JRF closing date of December 2011.

Documentation Requirements

127. Where the project is seeking amendment to the existing project, the Partner Agency shall submit their request (herein called the Amendment Request¹⁷), no less than 45 days before the proposed changes are to take effect, including the following details to the Secretariat:
- (i) A short summary of the scope of the changes proposed, and a detailed description of the changes to the project including, but not limited to, outputs, implementation mode, and partners.
 - (ii) Detailed table showing original budget against the new budget allocation by components and highlighting their differences. In the case of reallocation of inputs (funds) across cost categories in the Fiscal Agency Agreement or Grant Agreement, these should be clearly linked to the project activities and budget included in the PAD or Project Document.
 - (iii) Rationale for why these changes are required and relevant to the reconstruction of Yogyakarta, Central Java, and/or West Java to improve project performance.
 - (iv) Provide the context on how the environment has changed since appraisal, so that the original design is no longer relevant.
 - (v) Letter from the designated Bappenas representative supporting the amendments to the project¹⁸.
128. **“No-cost” extensions¹⁹**: The Partner Agency should submit their request for “No-cost” extension for a well-performing project containing the following information²⁰ to the Secretariat:

¹⁷ The Amendment Request package should be in accordance with the Partner Agency’s internal documentation and clearance requirements. For example, the World Bank requires a Project Paper in the case of project restructuring. For UNDP, this could be an amendment to the original Project Document. For JRF processing, the relevant Amendment Request documents need to include information as stated in Para 127.

¹⁸ This letter is not required in the case of major changes that relate to reallocations of inputs (fund) as per Clause 120 (ii).

¹⁹ Closing date extension is often referred to as “no-cost” extension within the JRF. See also Footnote 10.

- (i) Detailed description of why the project does not have sufficient time to achieve expected outputs, including the context on how the environment has changed since appraisal, so that the additional time for implementation is required and that project objectives continue to be achievable.
 - (ii) When required, Bappenas can issue a letter to support the request for additional time in coordination with the Ministry of Finance.
- 129. The Secretariat shall, upon receipt of the “No-cost” Extension Request documentation, process the request with the requesting Partner Agency according to the Trustee’s internal amendment procedures and policies, and inform the TRC and Steering Committee accordingly.
- 130. The implementation period for any projects for which “No-cost” Extension Requests are submitted may not have existing or new closing dates of later than June 30, 2011 to meet the requirements of JRF closing date of December 2011.

V. MONITORING AND EVALUATION

- 131. A monitoring and evaluation system has been established for Java Reconstruction Fund to help ensure that the program supports the Government of Indonesia’s recovery program. The system operates at four levels: the Implementing Agencies, the Partner Agencies, the Secretariat, and the Steering Committee (via the Technical Review Committee). It covers both the monitoring and evaluation of the achievements of individual projects and assessing performance of the overall portfolio. The following sections define roles and responsibilities on all four levels.

A. MONITORING AND EVALUATION BY IMPLEMENTING AGENCIES

- 132. All monitoring and evaluation of Implementing Agencies will be in accordance with the relevant Grant Agreements/Fiscal Agency Agreements. The Implementing Agency shall be responsible for the monitoring of progress and the evaluation of achieving project goals of each project they have been designated as Implementing Agency.
- 133. **Monitoring** activities of the Implementing Agency include checking on deliverables or outputs of the project, reviewing the quality of the deliverables, conducting baseline studies and measuring change in outcome and impact indicators.

²⁰ The “No-cost” Extension Request package should be in accordance with the Partner Agency’s internal documentation and clearance requirements. The relevant documentation needs to include information as stated in Para 127. See also Footnote 10.

134. **Evaluation** activities of the Implementing Agency include the evaluation of effectiveness and efficiency of projects against performance indicators and baseline data and evaluations to propose fundamental change and/or extension of the program (components). Evaluation can be done internally and through recruitment of independent evaluators, e.g. mid-term reviews.
135. **Technical and Financial Audits:** the Implementing Agency shall be responsible for engaging, where relevant, independent audit companies to provide an independent evaluation on specific topics, such as, financial audits, assessment of the strength of anti-corruption measures and its implementation, adherence to environmental plans and compliance with laws and regulations.
136. **Reporting:** the Implementing Agency shall provide the Partner Agency with regular reports, as determined appropriate by the two parties. Reports shall include outcomes of its monitoring and evaluation activities.

B. MONITORING AND EVALUATION BY PARTNER AGENCIES

137. The Partner Agency shall be responsible for supervision of each project for which they have been designated Partner Agency (including those circumstances where the Partner Agency will also be the implementing agency). This includes monitoring and evaluating the overall project performance in terms of relevance, efficiency, effectiveness and impact and sustainability of the project. Results from project supervision shall be reported to the Trustee and Steering Committee, through the Secretariat.
138. **Supervision** activities include monitoring and evaluating progress in achieving the project development objective, by:
- checking on the quality of outputs and the adequate implementation of all triggered safeguards (as indicated in the PAD);
 - assessing whether the Implementing Agency manages the project according to agreed standards and has fulfilled its reporting and M&E obligations;
 - identifying project implementation bottlenecks and project management issues and suggesting possible solutions to those problems;
 - working with Implementing Agency to improve its performance and the project performance in a timely and comprehensive manner. Implementing Agencies are expected to follow up on recommendations made by the Partner Agency.
139. **Supervision Missions:** the Partner Agency is expected to conduct supervision missions according to its own standards, but in any event at least every six months. The Partner Agency shall invite members of the Secretariat and may, at their discretion, invite members of the Steering Committee and the Technical Review Committee to these missions.

140. **Reporting:** the Partner Agency shall provide regular project progress reports to the Steering Committee, via the Secretariat, in accordance with the rules and regulations of the Partner Agency, although in any event at least every six months. The reports shall be forwarded to the Steering Committee via the Secretariat. The Partner Agency shall also provide the Steering Committee through the Secretariat with other relevant documents such as annual work-plans, procurement plans and cash flow forecasts. Finally, the Partner Agency shall provide the Steering Committee through the Secretariat with all data relevant to the JRF Results Framework, as detailed out in the “Monitoring Arrangements” column of the Framework, and with further data as requested by the Secretariat to enable the Secretariat to monitor the portfolio status and prepare its own reports.

C. MONITORING AND EVALUATION BY THE SECRETARIAT

141. It is the task of the Secretariat to monitor progress of the portfolio and assess its performance with regards to the goals in accordance with the GOI recovery program. The Secretariat uses (i) a Results Framework, (ii) reporting from Partner Agencies to the Secretariat, (iii) external evaluations may be commissioned by the Secretariat, and (iv) portfolio review exercises to be conducted by the Secretariat. In addition, the Secretariat should regularly check whether the program (and its projects) is experiencing bottlenecks and problems that are hampering its progress, whether Partner Agencies are fulfilling its reporting obligations and inform and alert the SC accordingly. For Partner Agencies other than the World Bank, the World Bank as the Trustee has no supervision role or responsibility with respect to their projects, and such monitoring is therefore based only on the information provided by the Partner Agency to the Secretariat and without independent supervision. The monitoring and evaluation system will help the Steering Committee to oversee aid flows, project activities and achievement of outputs and outcomes overall for Java Reconstruction Fund-financed activities, and will promote accountability for resource use. Ultimately the monitoring and evaluation system will help document and disseminate lessons learned and understand the development impact of the JRF portfolio within the overall rehabilitation and reconstruction effort.
142. The indicators in the Java Reconstruction Fund Results Framework will reflect outputs and development outcomes. While the monitoring and evaluation plan should be reasonably comprehensive, a working system based on carefully selected information is preferable to a complex system that cannot be implemented. Therefore, the Results Framework used by the Java Reconstruction Fund will be subject to regular review and update, as necessary, to accommodate newly approved projects and their respective key performance indicators.
143. The Java Reconstruction Fund Secretariat monitoring system must be consistent with, and contribute to, the GOI’s strategy for monitoring the reconstruction

program. Reporting on achieved outputs, outcomes and impacts will mostly draw on project specific monitoring and evaluation data.

144. A key component of the monitoring and evaluation system will be the wide dissemination of performance reports. Where possible, these will be made available in real time through the JRF website.

(i) Reporting on Status of the Portfolio

145. The Secretariat shall submit semi-annual accountability reports to the Steering Committee and the Technical Review Committee of the Trust Fund. This report will be based on the information contained in the Results Framework, the project progress reports received during the reporting period, and additional monitoring and evaluation activities of the Secretariat, such as evaluations commissioned or information gained through the Outreach Officer or field visits. The reports will also provide (i) a section with lessons learned during the year, (ii) will include project summary with information on performance against project log frame and its indicators and follow up steps on issues facing the project, (iii) and an update on fulfillment of reporting obligations.
146. Further the Secretariat shall commission independent evaluations, such as a mid-term review of the portfolio and possibly other reviews that help assess the quality of implementation and results. Through these efforts, the Steering Committee will gain insight into the performance of the portfolio in addition to project-based reporting. The Technical Review Group shall be informed on such activities, and final reports shall be submitted to the Steering Committee.
147. A key component of the monitoring and evaluation system will be the wide dissemination of performance reports. Where possible, these will be made available in real time through the use of information technology such as the Java Reconstruction Fund website.

Reporting on Java Reconstruction Fund Operations

148. The Secretariat will keep records of its operational processes and will report regularly, through its semi-annual reports, on its operational performance. This includes comparing actual performance with defined standards where appropriate. This should also include the time taken to complete the different steps in the grant review and approval process²¹ and the status of project supervision activities. The Java Reconstruction Fund Results Framework will include performance indicators for the financial and operational management services of the Secretariat, and the

²¹ Such as the review of proposals by the Secretariat, Steering Committee review and decision, release of appraisal budget, organization of project appraisal, submission of completed appraisal, approval of grant by the Steering Committee, signing and effectiveness of the grant agreement and release of the initial, and subsequent, implementation funds.

Secretariat will report accordingly in its comprehensive semi-annual report to the Steering Committee.

149. The Secretariat shall also provide quarterly financial reports which provide information on the financial performance of the Java Reconstruction Fund and its portfolio of projects.

D. MONITORING AND EVALUATION BY THE TECHNICAL REVIEW COMMITTEE AND STEERING COMMITTEE

150. The Steering Committee is responsible for the general oversight of the Java Reconstruction Fund portfolio. It will be assisted in this function by the Secretariat, the Technical Review Committee and the Partner Agencies. The Secretariat shall provide the Technical Review Committee with the relevant reports and evaluations including, where relevant, their own comments and recommendations. The main role of the Technical Review Committee, with the assistance of the Secretariat, is to stay informed of the issues and bottlenecks facing projects and the overall program, particularly where projects are not performing to the appropriate standard. The Technical Review Committee then notifies the Steering Committee of key issues with their recommendations for a possible course of action.
151. **Supervision Missions:** members of the Technical Review Committee may choose to attend supervision missions conducted by Partner Agencies as observers.
152. **Evaluation:** the Technical Review Committee, as representatives of the Steering Committee shall be expected to review all project monitoring and evaluation frameworks during appraisal, reports and other documentation submitted by Partner Agencies and the Secretariat and to attend Technical Review meetings to discuss their content where necessary. With support from the Secretariat, the Technical Review Committee shall conclude on the overall performance of the JRF program and report to the Steering Committee.

VI. DISCLOSURE AND VISIBILITY

153. **Visibility:** Whenever possible, the Trustee, in consultation with the appropriate Indonesian authorities, will promote Contributor visibility on information materials pertaining to Projects and Programs and at the sites of the Projects and Programs.
154. **Disclosure:** The Trustee and the GOI may disclose to the public Contribution Agreements, Fiscal Agency Agreements, Grant Agreements, and any other information with respect to the Java Reconstruction Fund and its operations.

VII. OVERRIDING AUTHORITY OF THE CONTRIBUTION AGREEMENTS / RESOLUTIONS

155. In the event of any conflict between the Contribution Agreements and this Operational Manual, the provisions of the Contribution Agreements will prevail.

ANNEXES

- ANNEX I: Project Cycle for the World Bank – Administered Projects Financed by Java Reconstruction Fund
- ANNEX II: Project Concept Note Outline
- ANNEX III: Evaluation Template used by the Secretariat to evaluate PCNs and appraisal documents.
- ANNEX IV: JRF Governance Structure
- ANNEX Va: PCN Approval Flowchart
- ANNEX Vb: PAD Approval Flowchart

ANNEX I: PROJECT CYCLE FOR the World Bank (WORLD BANK) – ADMINISTERED PROJECTS FINANCED BY THE JAVA RECONSTRUCTION FUND

Note: Each Java Reconstruction Fund financed project to be managed by the World Bank as Partner Agency will be approved and implemented in accordance with the applicable policies and procedures of the World Bank. These include policies for emergency recovery assistance ([OP/BP 8.00](#)) and trust funds ([OP/BP 14.40](#)).

I. Introduction

1. As one of the lead Partner Agencies, the World Bank is expected to manage a sizable number of projects funded by the Java Reconstruction Fund. In managing these projects, the World Bank operational policies and procedures would apply. These include policies for emergency recovery assistance ([OP/BP 8.00](#)) and trust funds ([OP/BP 14.40](#)). (Click on the links for details on the policies and procedures.)

2. The World Bank will accept to administer Java Reconstruction Fund projects that finance activities that are aligned with the Government's Action Plan for Yogyakarta and Central Java and request from GOI to support reconstruction in West Java. Projects that the World Bank is designated to manage should clearly demonstrate that the Bank: (i) adds value; (ii) has a comparative advantage; and (iii) does not expose itself to significant reputational risk.

3. The Vice President for East Asia and Pacific Region (EAP) (or his designee) is authorized to approve Java Reconstruction Fund projects that will be administered by the World Bank. To ensure cost-effectiveness in the administration of an Java Reconstruction Fund project, the minimum threshold for a project that the World Bank will manage is set at US\$1 million.

4. As noted above, Java Reconstruction Fund-financed projects that will be managed by the World Bank will follow Bank policies and procedures. In order to respond rapidly, the World Bank will fast-track its processes and apply appropriate procedures including, inter alia simplified project design and use of emergency procedures. An ad hoc Committee has been established at the Bank to provide advice to the Country Director on projects to be financed from the Java Reconstruction Fund that will be managed by the Bank. Projects will be processed within the performance standards prescribed in the Operations Manual of the Java Reconstruction Fund. The detailed steps of the cycle of the World Bank managed projects are provided in Appendix 1 to this Annex.

II. Java Reconstruction Fund Project Cycle

(i) Concept Stage

5. Government agencies (central, provincial, local), contributors (including the World Bank, and others), the United Nations Group and other international agencies, non-government agencies, villages and communities may submit to the GOI or the JRF Secretariat a project concept note (PCN), using the format/ template. The PCN summarizes: (a) strategic context and alignment with the Action Plan; (b) objectives of the proposed project; (c) project description (d) project location and target beneficiaries and potential economic effects; (e) implementation and execution arrangements (f) challenges and risks (g) project sustainability (h) environmental and social assessment (i) project management team (j) project budget, proposed financing plan, and potential source of financing (such as the Java Reconstruction Fund) (k) economic evaluation.

The Secretariat reviews PCNs for Java Reconstruction Fund financing submitted by proponent(s), which, for activities on or off the government's budget, shall be subsequently endorsed by the MOF. In its review and endorsement of the proposal to the Java Reconstruction Fund Steering Committee through the Secretariat, the GOI : (i) ensures that the PCN is consistent with the Government's Action Plan and request; (ii) confirms that the proposed activity is a priority for financing under the Action Plan and the Java Reconstruction Fund; (iv) ensures that the PCN is consistent with the priorities of the Java Reconstruction Fund ; (v) indicates the preferred Partner Agency (World Bank, ADB, UN agency or other) and the Grant Implementing Agency and whether the grant should on or off the GOI's budget. If off-budget, the PCN should provide clarification as to why off-budget is more appropriate.

7. Upon receipt of the PCN, the Secretariat shall circulate the PCN to Bank's Ad hoc Committee, and the Technical Review Committee with an invitation to the Concept Technical Review Meeting which shall take place within five working days of circulation of the PCN. The Secretariat shall concurrently undertake a quality assurance review/ evaluation of the PCN using evaluation template. In so doing, the Secretariat reserves the right to call upon independent evaluators, who are experts in the field/ sector to which the PCN relates. In undertaking this review/evaluation, the Secretariat will confirm that the proposal meets the eligibility criteria and all information requirements of the Secretariat and will recommend for action by the Steering Committee accordingly. The Secretariat is to complete its review and submit to the Technical Review Committee its evaluation at least one working day prior to the Technical Review Meeting.

8. The Concept Technical Review Meeting shall take place irrespective of whether the project is an extension to an existing project in the Partner Agency (World Bank's) Portfolio or not. The purpose of the Concept Technical Review is to enable (i) the Proponent(s)²² to present the project concept to interested members/ observers, and (ii)

²² The proponent may, or may not, be World Bank. It is possible for World Bank to be designated as Partner Agency for a project concept that has a different proponent.

members/ observers seek clarification on any technical issues they may have through questions and answers. The PCN, which may, or may not, be revised as a result of the Concept Technical Review, is then circulated to Steering Committee members with an invitation to attend the next Steering Committee meeting.

9. In its meeting, the Steering Committee will discuss the project concept and make a decision whether to endorse or not endorse the PCN for financing under the Java Reconstruction Fund. The Steering Committee's endorsement will include the following: (i) designation of the Partner Agency and the Implementing Agency; (ii) approval of the budget allocation for appraisal and project preparation. The decision of the Steering Committee will be communicated to the proponent, Implementing Agency (if different), and the World Bank proponent task team leader by the Secretariat in writing within five working days of the meeting.

(ii) Appraisal

10. When the World Bank receives the notice of the Steering Committee's endorsement of a PCN of a Java Reconstruction Fund project *with the World Bank designated as the Partner Agency*, the Country Director (CD) – based on the advice of the World Bank's Ad hoc Committee -- will authorize the conduct of combined “pre-appraisal-appraisal” mission²³. The Task Team Leader (TTL) will immediately organize a team and conduct the mission. The TTL may invite interested members of the Steering Committee or their designated representatives to join the mission. The mission should be completed within the shortest time possible. The prescribed duration of a mission is between 10-30 working days depending on the complexity of the operation. The appraisal should be conducted in accordance with the World Bank Operations Manual. During the Mission the TTL will work with Country Lawyer and the Implementing Agency on drafting the grant agreement so that it can be quickly finalized at subsequent “formal” negotiations.

11. Within five working days of the mission's return, the TTL prepares the draft appraisal package (Memorandum to the Vice President and Technical Annex) including the draft implementation plan, Operations Manual, procurement and anti-corruption plans, requisite safeguards, and draft grant agreement and submits these for Sector Manager endorsement. The memorandum and the technical annex should not exceed 15 pages in 12 point, single spaced text. The appraisal package template is provided in Appendix 2 to this Annex.

12. Immediately upon receipt of the Sector Manager's endorsement, the Country Director will issue the draft appraisal package for review by the Ad hoc Committee and

²³ If the Steering Committee approves a project preparation grant for the Grant Executing Agency, the TTL (together with the Country Lawyer) should prepare and ensure signing and effectiveness of the relevant Project Preparation Grant Agreement within five working days from receipt of Notice of the Steering Committee's endorsement. To facilitate the process, the new streamlined project preparation Grant Agreement format (e.g., PHRD grants) will be adopted for this purpose.

other relevant staff for clearance²⁴. The Country Director may conduct the review virtually or call a meeting. In addition, the Country Director may request a peer reviewer to provide comments on the technical aspects of the project proposed to be financed if warranted. This review process should be completed within five working days from issue of the draft appraisal package. Since speed is critical, no further comments will be accepted thereafter. The TTL then finalizes the appraisal package taking into account comments received and the package is submitted by the Country Director to the Java Reconstruction Fund Secretariat for processing. Upon receipt of the appraisal package, the Java Reconstruction Fund shall circulate the document to the Technical Review Committee (comprised of representatives of the Steering Committee) with an invitation to the Technical Review Meeting, which shall take place within five working days of appraisal document circulation. Concurrently, the Secretariat shall conduct an evaluation to ensure the package satisfies all Java Reconstruction Fund requirements, including complying with requirements in this Operations Manual, that the document is consistent with the priorities of the Java Reconstruction Fund as outlined in the JRF Concept Note. The Secretariat shall circulate its evaluation to the Technical Review Committee at least one working day prior to the Technical Review Meeting. At the Technical Review Meeting, the TTL, plus other appraisal team members, if considered appropriate, will present details of the appraised project to, and discuss it with, members of the Java Reconstruction Fund Steering Committee at this Review. Members attending the Technical Review Meeting will then decide whether (i) the appraisal package as previously circulated, or (ii) an appraisal package revised/ modified as a result of the Technical Review, shall be circulated on a “no objection” basis, together with a covering recommendation from the Secretariat that the appraisal package meets its requirements. If no objections are received within the five working day period the project is then deemed to be approved by the Java Reconstruction Fund Steering Committee.

(iii) Negotiations

13. Upon receipt of the notice of the Steering Committee’s “no objection”, the TTL together with the Country Lawyer will, upon receipt of clearance to negotiate from the Chief Legal Counsel and other relevant units, quickly “negotiate” and finalize the draft grant agreement previously discussed with the Project Implementing Agency during appraisal either through written exchanges or a meeting with the IA.

(iv) Approval

14. Upon completion of the “negotiation”, the final versions of the appraisal package and the Grant Agreement will be submitted by the Country Director, through the

²⁴ Package should be forwarded for review/clearance/“no objection” from the Sector Manager, but not limited to, LOAG, Social, Environment, Chief Counsel ACTTF, Country Director, procurement and financial management.

Director, Central Operational Services Unit, to the Regional Vice President (RVP) for approval. This process should be completed within five working days. The list of documents required to be submitted to the RVP is provided in Appendix 3 to this Annex.

(v) Effectiveness

15. Normally, within two working days of the Vice-President's approval, the Grant Agreement will be signed and made effective unless conditions for effectiveness have been provided for and not been met.

(vi) Supervision

16. Implementation of the project financed by the Java Reconstruction Fund Grant will be the responsibility of the Grant Implementing Agency and should follow the policies and procedures stipulated in the Grant Agreement.

17. Where the World Bank has been designated as Partner Agency, project supervision will be the responsibility of the World Bank and will be performed by a team under the responsibility of the TTL. Field supervisions will be conducted at least every six months and may include interested members of the Steering Committee, or their designated representatives. Annual reporting on physical and financial progress and in achieving results for each project will also be required to be filed by the TTL through the World Bank's Implementation Status and Results Reporting System. These reports will be submitted to the Secretariat accordingly.

The Secretariat will monitor the supervision of projects by the different Partner Agencies and the World Bank.

III. Fiduciary Policies/Procedures

18. The following will be applicable to the World Bank managed Java Reconstruction Fund projects:

a. Procurement

The procurement of goods, works and services financed under Java Reconstruction Fund projects will take place in accordance with the Bank's "Guidelines for Procurement under IBRD Loans and the World Bank Credits" and the "Guidelines for the Use of Consultants by the World Bank Borrowers and by the World Bank as Executing Agency", as in effect at the date of the relevant Grant Agreement.

b. Financial Management and Disbursements

The Grant Agreement will require the Grant Recipient, among others, to: (A) maintain an appropriate and adequate financial management system, including records and accounts,

and prepare financial statements adequate to separately reflect the operations, resources and expenditures related to the project financed under the Grant; and (B) have the above-mentioned records, accounts and financial statements audited, in accordance with auditing standards acceptable to the World Bank, by independent auditors acceptable to the World Bank. Such records and accounts (both un-audited and audited) may be provided to the Java Reconstruction Fund Steering Committee in accordance with the World Bank's disclosure policy.

IV. Environment and Social Safeguard Issues

19. The environmental and social safeguards arrangements will be carried out in accordance with the environmental and social screening and assessment guidelines provided for under the World Bank's applicable policies. An Integrated Safeguard Policies review and Environmental Assessment (EA) is performed as a standard part of the appraisal. If the EA determines that the project is rated in Categories A or B, an Environmental Impact Assessment (EIA) is required. This EIA must be disclosed. Clearances should be obtained in accordance with the [procedures](#) issued for use in post-tsunami operations.

V. Restructuring/Reallocation of Projects and Closing Date Extensions

20. Restructuring/reallocation of Java Reconstruction Fund-financed projects managed by the World Bank will follow normal the World Bank procedures. If there are no substantive changes in the project, restructuring or reallocation of funds will be processed and approved by the Country Director. If there are substantive changes – for example a change in the development objectives, scope, design or alteration of the project concept, the RVP's approval must be sought through the Director, Central Operational Services Unit.

21. Requests for extension of a closing date for a Grant administered by the World Bank will be processed and approved by the Country Director²⁵ after the requisite internal clearances have been obtained including that of the Java Reconstruction Fund Secretariat to ensure and confirm that the Grant remains consistent with the terms and conditions of the Java Reconstruction Fund and the decisions of the Steering Committee on the Grant (see [OP/BP](#) 13.30).

²⁵ Cumulative extensions beyond two years of the original closing date and retroactive extensions of the closing date require RVP approval.

**JAVA RECONSTRUCTION FUND (JRF)
Cycle of the World Bank Administered Projects**

<u>Steps/Actions</u>	<u>Responsibility</u>	<u>Performance Standards</u>
PCN Review and Technical Review Meeting	(1) Java Reconstruction Fund Secretariat	<p>Technical Review meeting held within five working days from the time of submission of the PCN to the Secretariat.</p> <p>Secretariat evaluation submitted to Steering Committee at least one working day before Technical Review meeting.</p> <p>Ad hoc Committee review completed in parallel.</p>
Notice of Steering Committee Endorsement and allocation of funds for appraisal and implementation	Java Reconstruction Fund Secretariat	Within five working days of Steering Committee designation.
Establish task code²⁶ for the project in the World Bank system and allocate budget for appraisal against the JRF child account for appraisal and supervision	TTL (in coordination with SM, CD, Secretariat and CAO's office)	One working day
CD authorizes "appraisal" mission	<p>CD</p> <p>The CD may decide to combine "pre-appraisal and appraisal" mission (based on advice from the World Bank Ad'hoc Committee after referral of the PCN to it)</p>	
Appraisal Mission	Task Team led by the TTL (including interested members of the Steering Committee)	<p>Should be completed within 30 working days from date of authorization by CD for stand-alone investments, 20 working days for co-financing and 10 working days for technical assistance</p> <p>The Project Preparation Grant Agreement (if required) should be countersigned and effective within five working days from receipt of Notice of the Steering Committee's Endorsement</p>
Concurrently - if preparation grant was endorsed by the Steering Committee, a Preparation Grant Agreement should be processed and executed between the World Bank and Grant Implementing Agency. (Use simplified project preparation grant agreement format)		

²⁶ The Special Financing Product line should be used to create the task code unless otherwise notified.

ANNEX I: Appendix 1 – Cont’d

<u>Steps/Actions</u>	<u>Responsibility</u>	<u>Performance Standards</u>
<p>Review of the Appraisal Package (including draft Grant Agreement)</p> <p>The package should include a draft Operations Manual for the Project, procurement and anti-corruption plans, monitoring and evaluation details, requisite environmental and social safeguards, and a draft Grant Agreement as discussed with the Grant Implementing Agency</p>	<p>CD issues and decides on whether a meeting or virtual clearance will be sufficient in consultation with the Ad hoc Committee.</p> <p>Package should be prepared by Task Team (including procurement and FM specialists), and endorsed by the Sector Manager who may ask for peer reviews.</p> <p>Environment and Social Safeguard Clearances must be obtained. Clearances from LOAG and ACTTF are also required. Before circulation by CD, Country Lawyer must clear the package.</p>	<p>Within five working days from completion of field mission</p>
<p>Appraisal Package finalized</p>	<p>Task Team Leader and Country Lawyer</p>	<p>Within two working days from Review meeting</p>
<p>Completed appraisal package is submitted to the Java Reconstruction Fund Secretariat</p>	<p>Country Director</p>	
<p>Appraisal Technical Review</p>	<p>1. Secretariat 2. Task Team Leader</p>	<p>Technical Review Meeting held within five working days of receiving Appraisal Package from TTL.</p> <p>Secretariat to submit to Steering Committee its evaluation at least one working day prior to the Technical Review Meeting.</p>
<p>Steering Committee “no objection”</p>	<p>Steering Committee</p>	<p>Five working days after circulation</p>
<p>Notice of Steering Committee “no objection”</p>	<p>Java Reconstruction Fund Secretariat</p>	<p>Within five working days.</p>
<p>“Negotiations” and Finalization of the Grant Agreement</p>	<p>TTL, Country Lawyer & Grant Implementing Agency (coordinates required clearances – Chief Legal Counsel, Loans Administration and Accounting Trust Funds)</p>	<p>Within five working days</p>
<p>Submission of the final appraisal package to the Regional Vice President</p>	<p>CD (TTL follows-up)</p>	

ANNEX I: Appendix 1 – Cont'd

<u>Steps/Actions</u>	<u>Responsibility</u>	<u>Performance Standards</u>
Approval	Regional Vice President, through Director, Central Operational Services Unit (TTL follows-up)	
Signing & Effectiveness of the Grant Agreement	Task Team Leader & Country Lawyer CD and Grant Implementing Agency signs	Within two working days
Implementation by the Grant Implementing Agency Disbursements will be made as provided for in the Grant Agreements	Grant Implementing Agency World Bank (as Trustee)	Depending on activity Within five working days of receipt of required withdrawal application package
Supervision of the Activities under Implementation While it is expected that only actual costs of supervision will be charged against the Java Reconstruction Fund child “Appraisal and Supervision” fund, it is the World Bank practice than an upfront allocation based on standard World Bank coefficient for supervision is allocated upfront to the task team.	Task Team led by TTL (including interested members of the Steering Committee) TTL submission of ISRs atleast once a year Java Reconstruction Fund Secretariat	At least every six months At the beginning of every fiscal year.
Preparation of Implementation Completion Report	TTL and Grant Implementing Agency (cleared with SM and CD before submission to the Secretariat)	No later than six months after closing date of grants

**JAVA RECONSTRUCTION FUND
Appraisal Package Template**

I. Memorandum to the Regional Vice President

- Brief context (link to GOI's Recovery Program and rationale for Bank involvement)
- Summary description of the project to be financed
- Terms and conditions of the grant
- Possible issues/risks and mitigation measures
- Recommendation

II. Technical Annex

I. Country Background

- Background
- Damage Assessment

II. World Bank Response and Strategy

- Response to the Emergency Situation
- Response Gap and the Response by the World Bank
- Lessons Learned
- Rationale for the World Bank Involvement

III. Project Description

- Project Objectives
- Project Description
- Project Cost and Financing

IV. Institutional Arrangements and Project Implementation

- Project Organization and Management
- Accounting, Financial Reporting and Audit Arrangements
- Procurement
- Environmental and Social Aspects

V. Project Benefits and Risks

- Project Benefits
- Project Sustainability and Critical Risks

III. Complaints Handling and Anti-corruption Strategy

JAVA RECONSTRUCTION FUND

Final Package Submission to RVP

The following documentation must be provided for seeking the RVP's approval of Projects:

RVP Approval Memorandum: A memo from the Country Director should be submitted to the RVP. The memo should confirm the following: (i) the JRF Steering Committee's no objection has been received, (ii) confirmation by the Government on its approval of the negotiated documents; and (iii) confirmation that clearances have been obtained from LEGEA, LOA and TACT.

Final Grant Package: The following documents should be included in the Grant Package:

- **Project Appraisal Document/Technical Annex**
- **Grant Agreement**
- **Adhoc Committee Endorsement/Minutes of Meeting**
- **ISDS Data sheet**
- **Draft Project Implementation Plan**
- **Summary of Negotiations**
- **Agreed Minutes of Negotiations**
- **Government Confirmation of Negotiated Package**
- **Notice from Java Reconstruction Fund Secretariat of Steering Committee No Objection**
- **Clearances from LEGEA, LOA, and TACT**

Distribution List: The Package should be distributed to the same group listed in Footnote 22.

ANNEX II: PCN OUTLINE

Explanatory Note for the Project Concept Note (PCN) Outline

Purpose of the PCN:

The purpose of the PCN is to provide the proposers of a project an opportunity to present evidence to the JRF Steering Committee that a proposed project concept is relevant to the reconstruction and that it should be financed by the JRF. Specifically, a successful PCN should convince the Steering Committee that it fills a critical gap or solves a critical problem in the reconstruction.

The evaluation and endorsement of the PCN is the first step of the JRF two-tier approval process. Should the concept be considered relevant, the Partner Agency designated for this project concept shall appraise the project and create a detailed project plan. During the second stage, the Steering Committee evaluates the technical details of the project only.

The PCN, therefore, should not be filled with project implementation details, but provide an overall explanation of:

- Why is it relevant and should be financed?
- Who will do it?
- What and how will it be done? E.g. what type of activities will be undertaken?
- When will it be done?

Why did the Secretariat develop this PCN Outline?

To ensure that the PCN submitted to the JRF provides sufficient information to the Steering Committee to make a decision.

How long should a PCN be?

To fulfill all the requirements set out below, but still keeping the document concise, the PCN should be no more than 10 pages.

Project Concept Note Outline

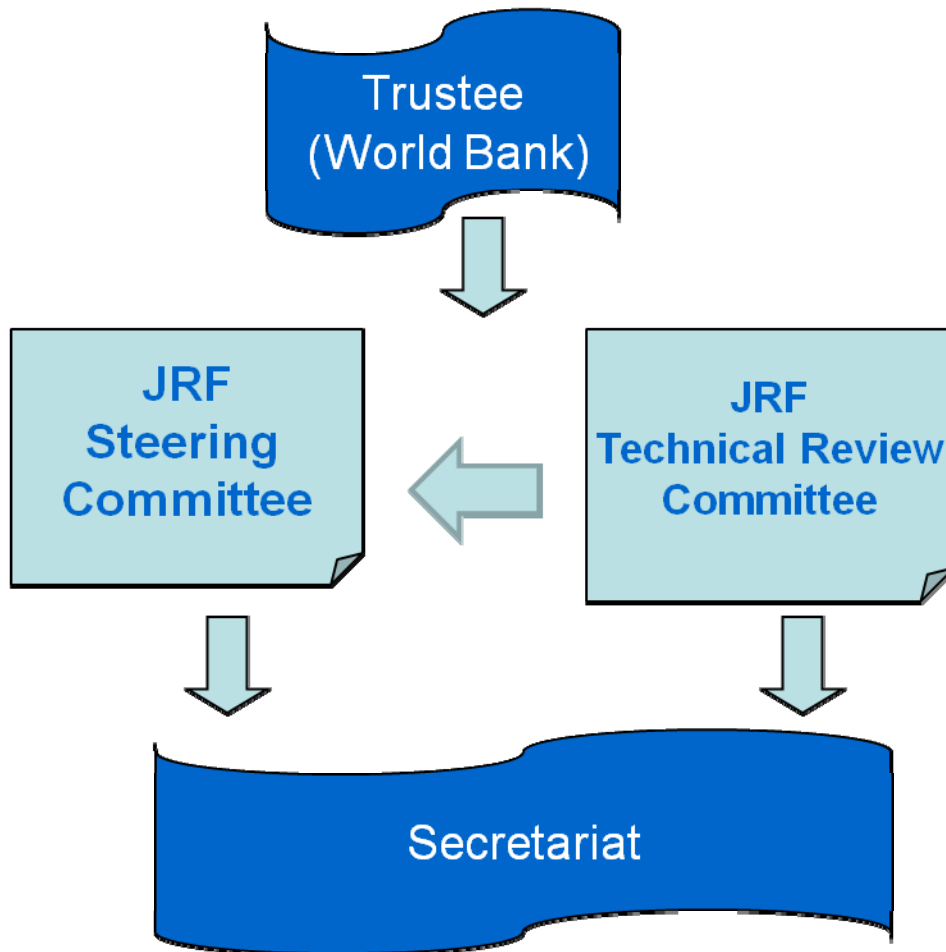
1. **Project Title**
2. **Proponent Information:** name, address, phone number, mobile number, email address of two people from the proponent's organization, as well as the name of expected Partner Agency, if different.
3. **Goal and Objective/s of the Project:** in one or two sentences, state the main purpose of the project and the overall benefit or change this project aims to achieve through specific, well-defined objectives.
4. **Relevance of the project concept:** this section should convincingly document why this project is fulfilling a critical gap or solving a critical problem in the reconstruction. Suggested information include:
 - a. What the current state is, and how this project aims to improve that current state, and to what aim;
 - b. Why this is the most appropriate forum to implement these activities and it has not been solved by other parties;
 - c. A table describing all the other players in the sector, and how this project complements the other initiatives.
 - d. If this is an existing project, evidence from an independent evaluation that the project has achieved good results and outcomes.
5. **Project Description:** the purpose of this section is not for a detailed project plan, but to give the Steering Committee a comprehensive set of information to understand the scope of the project and its activities and who will be doing what. In addition, the JRF has a set of quality criteria in which the project will be evaluated against, and this project description should provide information on some of the criteria. At minimum, the project description should contain the following information:
 - a. *Description of all project components and how they interact to reach the project objective;*
 - b. *Location(s) of each component;*
 - c. *Targeted beneficiary(s) of each component;*
 - d. *Time duration of each component;*
 - e. *Expected results and outcomes of each component;*
 - f. *Implementation arrangements for each component – in general terms, describe who is expected to be responsible for what aspect of the activity – this will be further elaborated during appraisal;*
 - g. *Project Management Team:* expected staffing required to manage the project – to be further elaborated during appraisal;
 - h. *Environmental and Social Considerations – in general terms, describe expected environmental and social impacts of the project. Further safeguards assessments needs to be elaborated during appraisal.*

- i. *Prioritizing vulnerable groups – women, children and the poor*: state how this project will promote the participation of women, both in its activities but also to ensure that they are prioritized as beneficiaries.
 - j. *Community participation and involvement*:
 - i. Describe the extent to which the activities of this project have been driven by the community, if appropriate.
 - ii. Identify the elements of the project (if any) where community participation is essential, and how the project will facilitate that consultative process.
 - k. *Funding Plan and Budget (breakdown to include overheads/administration costs)*
- 6. **Sustainability and Capacity Building**: this section should describe how the project will work towards making its activities, outputs and outcomes sustainable in the short term, medium term and long term. Elements may include:
 - a. Institutional sustainability;
 - b. Operating and maintenance costs;
 - c. Asset management (including ownership transfer);
 - d. Training and capacity building;
 - e. Human resources planning.
- 7. **Implementing Agency – Background and Experience**: in one or two paragraphs, show why the designated Implementing Agency is most appropriate organization to implement this project. For example, what are the Agency’s comparative advantages and capacities in implementing all the activities of this project? Where relevant, identify areas where capacity is weak and how the organization will strengthen this capacity.
- 8. **Risks and Dependencies**: in one or two paragraphs, describe the broad risks and dependencies for the success of this project. For example, what are the critical factors for success, and what are the common pitfalls for failure? During appraisal, a more comprehensive risk assessment should be conducted, as well as a strategy for the mitigation of those risks.
- 9. **Alignment with the GOI Action Plan or any other Reconstruction Strategy Document**: in one or two paragraphs, indicate how this project concept is aligned with, and supports the GOI Action Plan.

ANNEX III: Evaluation Template used by the Secretariat to Evaluate PCNs and Appraisal Documents

Annex III: EVALUATION TEMPLATE USED BY THE SECRETARIAT TO EVALUATE PCNs AND APPRAISAL DOCUMENTS			
Evaluation of Concept Proposals Submitted for Java Reconstruction Fund Financi			
Date Received by Secretariat			
Project would be ON/OFF the Government's budget			
	Decision Making Criteria	Score (A,B,C)	Comments
1	Aligned to the GOI's Action Plan, responds to the needs by either filling a financing gap or resolving critical issue(s) on housing and		
2	Relevance of project and economic evaluation		
3	Project well-conceived (targeted beneficiaries, project implementation arrangements and plan, Implementing Agency and Partner Agency defined)		
4	Project Team and Implementation Agency background and experience		
5	Adequacy of funding Plan, budget justification and timeline		
6	Project sustainable and builds capacity in the short, medium and long-term		
7	Project assists earthquake affected families, businesses, vulnerable groups, women		
8	Supports environmentally and socially sustainable development		
9	Risks, dependencies and challenges		
10	Corresponds with policies and procedures that are acceptable to the trustee		
	Additional Comments (where appropriate, include cost-effectiveness, and issues that should be addressed during appraisal)		
	Recommended for Concept Endorsement by JRF Steering Committee	Y/N	Secretariat Endorsement

ANNEX IV: JRF Governance Structure



ANNEX Va: PCN Approval

ANNEX Vb: PAD Approval