

WORLD BANK
PROJECT DOCUMENT

FOR A

JAVA RECONSTRUCTION FUND (JRF) GRANT

IN THE AMOUNT OF US\$ 2.38 MILLION

TO

CHF INTERNATIONAL

FOR

**Yogyakarta and Central Java Earthquake
Roof Structure Project**

December 12, 2006

**Infrastructure Unit
East Asia and Pacific Region**

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CURRENCY EQUIVALENTS

(Exchange Rate Effective October 19, 2006)

Currency	=	Indonesian Rupiah
IDR1	=	US\$0.000109778
US\$1	=	IDR9,109.29

FISCAL YEAR

January 1 - December 31

ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank
COS	Community Outreach Staff
DIY	Daerah Istimewa Yogyakarta (Yogyakarta Special Administrative Region)
ERC	Early Recovery Cluster
FM	Financial Management
GoI	Government of Indonesia
IBRD	International Bank for Reconstruction and Development
ICB	International Competitive Bidding
IDA	International Development Association
CHF	CHF International
JRF	Java Reconstruction Fund
MIS	Management Information System
MLI	Multi-Lateral Institution
NGO	Non Governmental Organization
PAS	Project Accounting System
PDLAR	Preliminary Damage and Loss Assessment Report
RT	'Rukun Tetangga'-Neighborhood Association
UGM	Universitas Gadjah Mada
UPP	Urban Poverty Project

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REPUBLIC OF INDONESIA

Infrastructure Reconstruction Enabling Program

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REPUBLIC OF INDONESIA

**Yogyakarta and Central Java Earthquake
Roof Structure Project**

EAST ASIA AND PACIFIC REGION

EASUR

Date: <u>June 11, 2007</u> Country Director: Andrew Steer Sector Director/Sector Manager: Christian Delvoie/Keshav Varma Team Leader: Ida Ayu Indira Dharmapatni
Grant Amount: US\$ 2.38 million
Grant Recipient: CHF International
Executing Agency: CHF International

Deleted: December 20, 2006

Estimated disbursements (CY/US\$m)				
CY	2006	2007		
Annual	0.27	2.11		
Cumulative	0.27	2.38		

Project implementation period: Start: December 10, 2006 End: April 31, 2007
Expected closing date: June 30, 2007

I. Background

1. On 27 May 2006, an earthquake registering 6.3 on the Richter scale damaged surrounding areas of Yogyakarta and Central Java (the “Affected Areas”). A significant number of houses were destroyed or damaged by the earthquake; societal coping mechanisms have also been severely disrupted, with widespread trauma and the means of earning a living buried in the rubble. The scale of the disaster is much greater than first thought, owing to a traditional building culture that was complacent about earthquake risk. Masonry walls made of burnt bricks connected with weak mortar – a reality exacerbated by unwitting negligence and poverty – were no match for the strong earthquake. In addition, a lack of adequate anchoring, poor workmanship, and minimal compliance with building codes, all contributed to the extent of the damage.

2. In the immediate aftermath of the earthquake, in response to the GoI request for housing assistance and in cooperation with government, local and international stakeholders, various organizations, individuals and community groups distributed emergency shelter materials (e.g. tarpaulins, mattresses, blankets and other emergency-shelter non-food items). Whilst close to 100% of the needs for immediate emergency shelter have now been covered, emergency tents and tarpaulins are only a short-term solution and will not provide adequate shelter to cover transitional needs through the two to three years required for preliminary reconstruction. Many families are likely to wait much longer for the completion of permanent housing built to earthquake-resistant standards (“Permanent Houses”). In the meantime, although some families may have the resources to recover on their own and others may receive assistance from government, civil society or the humanitarian community, poverty and insufficient resources highlight the need for transitional shelter support. The lack of adequate housing also impacts the capacity of people to resume their livelihoods. A large percentage of the affected population is engaged in small home-based industries. Hence, in the absence of more durable shelter, these communities will not be able to resume their previous economic activities. Finally, the lack of adequate housing causes severe health problems, which are expected to expand during the rainy season.

3. GoI is presently focusing all available resources on providing Permanent Houses to affected households, while the NGOs working under the coordination of the United Nations Early Recovery Cluster (“ERC”) are focusing on meeting immediate needs for housing in the form of “Roof Structures”. A typical Roof Structure is a wind and weather-proof bamboo structure with a tile roof, assembled on the existing concrete foundation of the original collapsed house, and is considered durable in that it is built to last for a minimum of three years while Permanent Houses are being constructed. All Roof Structures should be built to SPHERE standards (For further detail on Roof Structures, refer to Annex V: Technical Annex). Some key features of Roof Structures are that, not being a full Permanent House, they in no way endanger a family’s entitlement for permanent housing assistance under the broader GoI shelter response to the disaster, almost all components used in the construction can be reused in the construction of the Permanent House (see Section XII: Benefits and Risks), and no permits or authorizations are required for construction.

II. Preliminary Estimate of Damage and Response to Date

4. The Preliminary Damage and Loss Assessment Report (“PDLAR”) completed in June 2006 showed that over 300,000 homes were either totally destroyed or heavily damaged; with an average family size of 4.3, approximately 1.3 million people were rendered homeless by the earthquake.

5. Assessments recently conducted by the key members of the ERC show a need of approximately 93,000 Roof Structures, that is, 93,000 families are living with other families, are in shelters with a roof height below 2 meters, or are in shelters that will not provide sufficient shelter from the rainy season. To date, overall commitments from various agencies providing Roof Structures amount to 50,000 – showing a gap of approximately 47,300 shelters (including a 10% contingency).

III. Project Rationale

6. The GoI has released its Action Plan for rehabilitation and reconstruction for the Affected Areas and has committed US\$270m in 2006-2007 to reconstruct Permanent Houses. One of the objectives of the multidonor Java Reconstruction Fund is to respond to the basic needs of the households affected by the Earthquake, notably in terms of housing.

7. Whilst GoI has just begun distributing the first phases of cash grants to start the process of permanent reconstruction, this resource cannot be mobilized in time to mitigate the potentially devastating effects of the rainy season upon settlement conditions in the Affected Areas. The Provincial Governments of Yogyakarta and Central Java together with the ERC have developed a joint and complementary strategy aimed at accelerating the process of reconstruction to address the need for housing, whilst adhering to the plan for permanent housing reconstruction established by the Government of Indonesia.

IV. Project Objective

8. The objective of this Project is to respond to the most basic needs of the households affected by the earthquake through the provision of roof structures that transition to permanent housing. The Project will provide eligible families in targeted villages in the affected areas with safe and durable housing through the provision of roof structures while permanent house is being rebuilt. The Project provides the eligible beneficiaries an 18 m² of roof-structure house constructed with bamboo columns and roof trusses and bamboo sheets for the walls with clay roof tiles. Most of the materials of the roof structures can be reused in building a permanent house.

V. Project Description

9. To achieve the objective set out above, the Project will augment and increase capacity of the pre-existing program of the Implementing Agency. The program has five components: (1) set-up of the prefabrication facility, (2) preparation of Roof Structure Kits, (3) targeting and distribution of kits to beneficiaries, (4) assistance to beneficiaries during construction, and (5) quality control and reporting.

10. The fabrication facility will subcontract 5 prefabrication teams of 15 people and will operate for one shift per day producing 110 Shelter Structure Kits per day; or 660 kits per week, based on a 6-day (Monday-Saturday) production week. Workers are specialized along the different aspects of the production to optimize speed and quality of construction.

11. Preparation of Roof Structure Kits involves prefabrication of the most labor intensive and structurally crucial elements of the building including: roof trusses, columns, purlins for the roof, bracing and pre-cutting of wall components. In addition, roofing elements (the frame that holds tiles) will be pre-cut to facilitate transportation of materials and improve on-site construction efficiency. Roof Structure Kits include a construction manual, to serve as a reference during the construction process. The Roof Structure Kits include clay roof tiles to be installed over the roof tarp, which will increase the life expectancy of the shelter.

12. The Implementing Agency will coordinate closely with the ERC's MIS program when it is operational as well as the Emergency Shelter Cluster under the ERC and local NGOs to identify locations that do not receive any assistance from other organizations. The Implementing Agency's strategy includes the use of in-house staff and local NGOs to identify needy beneficiaries and insure all people living in the earthquake affected area have adequate shelter while they rebuild permanent homes. The Implementing Agency continues to receive requests for shelter assistance from communities. This existing list will be combined with other RTs who will be encouraged to contact the project to request assistance. Project-supported NGO partner teams will visit communities to describe the program services

and verify the RT compiled beneficiary list. The list will be presented at the general community meeting for endorsement and support of the proposed beneficiaries.

13. In the field, the Implementing Agency will oversee and provide technical guidance for the construction of Roof Structure, in cooperation with volunteer students from local universities, mainly the Department of Architecture, and Civil Engineering of the Universitas Gadjah Mada (UGM) and recruited skilled construction workers who are pre-trained. The construction process will use volunteers and a community-based approach using *gotong royong* labor groups, organized by the community. The Implementing Agency's outreach department and field construction manager will coordinate assistance to *gotong royong* (community self-help) teams to ensure adherence to workplan, material control requirements and construction standards. The Implementing Agency's craftsmen will work with the self-help teams, through allocation of one hired skilled carpenter to serve on each *gotong royong* team.

14. As CHF's preexisting Roof Structure program is complete, all supplier and manpower contracts will need to be renewed.

15. The Implementing Agency will also continue to distribute awareness raising material and safe building manuals, which will complement the assistance provided by CHF technical volunteers.

16. (For a more detailed project description, please refer to Annex V: Technical Annex).

VI. Project Implementation

17. Implementing Agency. The Grant recipient and organization responsible for all implementation and management issues for the Project will be CHF International (the "Implementing Agency"). The Implementing Agency will be responsible for day-to-day management, procurement, logistics, and all operational details of the Project in accordance with IBRD policies and procedures. Project is managed by Yogyakarta based program manager as well as a construction supervisor, and a warehouse manager. Oversight from Jakarta office including country director and 2 financial officers. Staff of approximately 30 based in Jogja with support from Washington head office as needed. The organizational structure is presented in Attachment IV: Project Organization.

18. Capacity. While the Implementing Agency's Roof Structures are relatively expensive, with over 18 % of the unit cost representing overheads, and non-Project-related staffing and office costs, it was chosen due to its proven abilities to manage all of the tasks set out in the above paragraph and expand its program with minimal additional costs. As of November 3, 2006, the Implementing Agency has delivered 5,120 Roof Structure Kits to eligible families in the Affected Areas and approximately 4,500 completed or under construction. The Implementing Agency was judged to be one of the few organizations able to deliver Roof Structures on this scale; further advantages are that the Implementing Agency has no other commitments to other donors all production is focused on the Project leading to a fast delivery schedule. Negotiations are ongoing with other potential providers of Roof Structures.

19. Quality control. The Implementing Agency has a quality control system for the input and the output. The tracking procedures cover incoming material, production, field distribution, end-user tracking and community handover of the structure kits, quality control during the construction and certification upon completion of the construction.

20. Oversight. The Urban Unit of IBRD will oversee the project and carry out supervision at least once per month, or more regularly as needed. IBRD will carry out a mid-term review in the end of January 2007 to assess the performance and the progress as well as the demand of the Roof Structures. At the Project level, after all distribution has been completed, and construction should have been completed the Implementing Agency's Community Liaison staff will conduct additional meetings and follow up with the beneficiaries to evaluate their satisfaction with the shelter provided. IBRD will also assign an independent consultant team to verify the deliverables in terms of number, quality, targeting and

beneficiaries' satisfaction.

21. Independent audits of the Implementing Agency's activities will be carried out in cooperation with relevant levels of government and in accordance with section XI on Auditing.

VII. Targeting of Beneficiaries

22. The project targets individual neighborhoods (Rukun Tetangga or "RT") in the Affected Areas and the Project will target approximately 400 RTs, and will select these RTs based on the level of damage and the level of assistance provided and promised by other organizations. First point of contact is with provincial or district government to select RTs, after which CHF Outreach Staff meet with RTs to introduce the program, and ask RTs to provide a list of beneficiaries in need of shelter assistance. Then CHF university volunteers visit communities to verify the need and existence of beneficiaries. Following that assessment, the beneficiary list is vetted with the entire community in a community meeting. CHF then signs an MoU with the RT leader on behalf of the entire community outlining the responsibilities of CHF and the RT. The main steps of community beneficiary selection and processing are outlined as follows:

Step 1 – Community Outreach

From compiled list supplied by GOI, communities are identified and evaluated according to CHF criteria: level of damage, need and vulnerability, cluster potential, and willingness to work with CHF on building their own shelters. More specifically, Community Selection is based on:

Step 2 – Community Outreach

Complete Community Selection Information Form CR1 which summarizes the decision process made by Outreach to recommend the beneficiary communities.

Step 3 – Community Outreach and Management Team

Outreach schedules a meeting with CHF management team to present the Community Selection Information Form CR1 and review the reasons for the recommendation. At this meeting, the exact location of the targeted area will be located on the CHF planning map.

Decision 1 – Community Outreach and Senior Staff

Is this an appropriate target community?

Step 4 – Community Outreach

Conduct General Community Meeting with the R.T. and community members. Describe shelter program, RT and CHF responsibilities, and shelter model.

Decision 2 – R.T. and Community

Community members make a democratic decision if they want to participate with CHF. This decision is made based on the facts presented at the General Meeting.

Step 5 – Community Outreach

R.T. completes Beneficiary Tracking Form CR2, listing beneficiary names in order of prioritized need. Beneficiaries are selected by R.T.

Decision 3 – R.T. Community Members

R.T. Community Members must agree on beneficiary list and the fact that the members of the community with greatest need are prioritized to receive shelter assistance.

For further details of the selection methods, please refer to Attachment V: Targeting Flowchart, and the Project Manual.

23. In selecting their target villages, the Implementing Agency will work closely with the ERC and the DIY and Central Java provinces as well as respective *kabupatens* (sub-districts) to reduce overlaps. The Project will not operate in villages targeted by the other housing initiative facilitated by the World Bank: the Urban Poverty Project (“UPP”), which is providing permanent housing to eligible families in 156 villages in the Affected Areas.

VIII. Project Timeline

24. The timeline for the entire Project is anticipated to be about 5.5 months (Dec.10, 2006 – May 30, 2007). Construction of structural elements (frame and roofs) of all 8,000 units will be completed by the end of April 2007 with the final four weeks used for finalization of field construction, certification and reporting.

Table I
CHF's Integrated Production Plan for 8,000 JRF Financed Durable Shelters

Production days (six days per week)	Weeks	Dec 18-23	Dec 25- 30	Jan 1 - 6	Jan 8 - 13	Jan 15 - 20	Jan 22 - 27	Jan29 – Feb3	Feb 5 -10	Feb 12 - 17	Feb 19 - 24	Feb 26 – Mar3	Mar 5 - 10	Mar 12 – Apr6	Apr 8 - 13	Apr 15-20	Apr 22-27	Apr-29- May 30
CHF & LNGO identification of Beneficiaries	12	300	600	750	750	750	750	750	750	750	750	750	350					
<i>Cumulative Total</i>		300	900	1,650	2,400	3,150	3,900	4,650	5,400	6,150	6,900	7,650	8,000					
Procure central warehouse materials	13	500	660	660	660	660	660	660	660	660	660	660	660	240				
<i>Cumulative Total</i>		500	1,160	1,820	2,480	3,140	3,800	4,460	5,120	5,780	6,440	7,100	7,760	8,000				
Single shift shelter kit production	13		660	660	660	660	660	660	660	660	660	660	660	660	80			
<i>Cumulative Total</i>			660	1,320	1,980	2,640	3,300	3,960	4,620	5,280	5,940	6,600	7,260	7,920	8,000			
Distribution of shelter kits	13		500	660	660	660	660	660	660	660	660	660	660	660	240			
<i>Cumulative Total</i>			500	1,160	1,820	2,480	3,140	3,800	4,460	5,120	5,780	6,440	7,100	7,760	8,000			
Drop ship field materials to RTs	13		500	660	660	660	660	660	660	660	660	660	660	660	240			
<i>Cumulative Total</i>			500	1,160	1,820	2,480	3,140	3,800	4,460	5,120	5,780	6,440	7,100	7,760	8,000			
Gotong Royong field erection of shelter kits	15		350	600	600	600	600	600	600	600	600	600	600	500	450	425	275	
<i>Cumulative Total</i>			350	950	1,550	2,150	2,750	3,350	3,950	4,550	5,150	5,750	6,350	6,850	7,300	7,725	8,000	
Tool boxes delivered	13		50	66	66	66	66	66	66	66	66	66	66	66	24			
<i>Cumulative Total</i>			50	116	182	248	314	380	446	512	578	644	710	776	800			
Final wrap-up & reporting	4																	x

IX. Financing and Disbursement Mechanisms

25. The total requested funding is US\$2.38 million, which includes the cost of project components for 8,000 Roof Structure Kits (US\$ 297 per unit). This figure includes Operational Costs of US\$180,148 (7.58% or US\$22.52 per unit), Staff Costs of US\$242,293 (10.2% or US\$30.29 per unit), Goods and Materials Costs of US\$1,667,998 (70.2% or US\$208.50 per unit), and additional Overhead of US\$155,439 (7% or US\$ 19 per unit) and an Unallocated Material Contingency Cost of \$31,982 (1.35% or US\$4 per unit). For further breakdown of unit costs, please refer to the Annex I: Project Costs.

26. In order to overcome CHF liquidity for pre-financing, advance from grant is required. For this purpose, CHF need to open a designated (special) account (DA) denominated in US\$ in a commercial bank acceptable to the Bank. The DA will be solely used to finance eligible project expenditures. The ceiling of the advance to the DA is fixed at \$0.8 million. The payments to the DA will be considered as the advances to CHF, while reporting on uses of the advances should be submitted to the Bank monthly and any un-used advances must be refunded to the Bank by the end of the project.

X. Fiduciary Responsibilities

Financial Management

27. Financial management risks are rated as 'Substantial'. These risks may arise from two factors: (1) the project might be influenced by the weak overall fiduciary environment in the country. In such an environment, a set of fiduciary policies and procedures is needed to ensure that the proceeds of the grant are used only for the purposes intended, with due regard to economy and efficiency; (2) CHF should exercise careful financial control over the expenditures made at the field location in Yogyakarta, particularly over inventories of building materials purchased. Further, as of the date of the assessment, CHF has not been granted a formal registration by the Government of Indonesia to operate in Indonesia, and is so far operating under a separate sub-agreement with USAID to carry out its activities under their program. Some operational risks may also arise as a result of this arrangement.

28. Some measures have been proposed to mitigate the risks arising from these factors. In addition to existing financial management procedures, CHF will strengthen payment validation procedures related to the project and special purpose financial reports will be requested for this operation on monthly basis, to facilitate monitoring. The Jakarta office should arrange periodical physical verification of inventory at the project sites in Yogyakarta. An independent financial audit will be requested upon completion of the operation, together with a review of internal controls over project implementation. Prior to disbursement, CHF has to provide a legal opinion on its legal status to operate in Indonesia.

29. A midterm review of project will be carried on or about February 15, 2007, to review the progress of the project and the projected demand for new roof structure kits. Failure on the part of CHF to satisfy the Bank with the progress of the project or with prospects for its continued implementation, having regard to projected demand, will be treated as an additional event of suspension and may also result in the suspension of the balance of the grant.

30. Overall, the project financial management risk is assessed as being Substantial. This assessment has concluded that with the implementation of the action plan, the proposed financial management arrangements will satisfy the Bank's minimum requirements under OP/BP10.02 and are adequate to provide, with reasonable assurance, accurate and timely information on the status of the grant required by the Bank. More details of the financial management assessment are given in the Annex III.

Procurement

31. CHF will manage and coordinate the works, by hiring a number of locally pre-trained skilled labors and will employ its own staff to supervise the works.

32. Procurement would consist of the purchase of construction materials. For shopping of goods by comparing at least three quotations, CHF has adequate internal procurement and purchasing systems and procedures in place that can be followed for contract packages below US\$ 200,000, subject to clarifications as stated in the Procurement Annex III. For contracts above US\$ 200,000, ICB procedures will be followed. A more detailed description on procurement is found in the Procurement Annex III

Anticorruption

33. As the anti corruption action plan on procurement, the implementation agency will disclose the following information in the www.chfinternational.org: (i) the prices of major construction items; (ii) the complaint database along with the report on the complaint resolution, and (iii) contract award notices, containing the information specified in para. 2.60 of the Procurement Guidelines, and names and addresses of beneficiaries. This information will also be published on the Rekompak website. Overall, the procurement risk is average.

Social and Environmental Aspects

34. The Project will carry out on-site housing redevelopment for the affected families. Field observations have shown that most water supply facilities, including wells, and sanitation facilities such as septic tanks are relatively intact. Houses will be built on plots of land where ownership has been clearly established and verified with the landowners and neighbors. Therefore, it is highly unlikely that resettlement will take place in this Project. In the event that a land dispute does arrive, it will be the responsibility of the community to settle it; although there is practically no chance of this happening after construction has begun due to the extensive socialization campaign undertaken by the Implementing Agency. In fact, the Project should have positive social impacts for those involved in the process, since (i) the recipients of the Roof Structure Kits will be able to return to productive lives, (ii) community members (including construction workers, laborers, craftsmen, supervisors, truck drivers and administrative staff) will be provided temporary employment and gain practical professional skills, and (iii) volunteer university students will be better prepared for future employment through on-the-job training for construction and community liaison.

35. The Project will use construction components consisting of a tarpaulin and tiles for the roof, bamboo sheeting for the walls, bamboo poles for the framing, recycled tire rubber as fastening materials and cement, sand and nails to form the Shelter Kit. The piles and roofing will be entirely made of bamboo. By design, the houses will not use any timber. Bamboo used for the Project is sourced from multiple local suppliers who in turn source their bamboo from both planted and naturally regenerating sources; thus, no environmental issues are expected from the demand that the Project will generate for this versatile material.

36. Moreover, the Project will encourage the beneficiaries to use as much as possible salvaged materials from their previous houses, including bricks, doors, windows, and roof tiles. Environmental problems could occur in the production facilities where the construction materials are processed into prefabricated shelter kits, that is, the disposal of waste cuttings from the bamboo piles and wall sheets. The Project will monitor the use of these materials to ensure that they do not pose any environmental threat through improper disposal.

37. The Implementing Agency will oversee and provide technical guidance for the construction of the

Roof Structures in cooperation with volunteer students from the Architecture Department of UGM and recruit pre-trained skilled construction workers. The Roof Structures can be classified as semi-permanent housing with a life expectancy of at least three years, and can be incrementally expanded and improved to become permanent housing. Close supervision and assistance to the workers and beneficiaries involved during the construction will be required to ensure that the earthquake-resistant design and techniques are adhered to.

XI. Auditing

38. Special purpose project financial statement for expenditure under this Grant will be prepared by the Jakarta office, based on summary of financial transaction received from the Yogyakarta office. The financial reports will be subject to a financial audit by reputable auditor acceptable to IBRD. A copy of the Project audited financial statements, along with the management letters issued by the auditors, if any, will be submitted to IBRD no later than 3 months after the end of the project.

39. The Terms of Reference (TOR) for the project audit will be agreed by IBRD with the Recipient before negotiations. The audit report will include an opinion on the reliability of the project financial statements.

40. Technical/Performance Audit. There will be a technical/performance audit carried out by an independent consultant team during the implementation of the Project and after the Project is closed. The Terms of Reference will be agreed by IBRD with the Recipient prior to negotiation.

Remedies

41. If ineligible expenditures are found to have been made from the special account, or if expenditures are made from the Special Account without adequate supporting documentation to validate these, the Recipient will be obligated to refund the same to IBRD.

42. IBRD will have the right to suspend disbursement of the funds if significant terms of the Grant agreements, including reporting requirements and deliverables, are not in compliance. This will be reflected in the Grant agreement

XII. Benefits and Risks

43. The main benefits of the project are the direct benefits associated with providing sturdy Roof Structure that will be sufficient to house the family until a Permanent Structure is complete. It is recognized that whilst there is an imperative to make best use of limited resources from national, international and private sources and move as quickly as possible to permanent reconstruction phases, there is currently a greater imperative to ensure that disaster-affected families receive adequate shelter as the monsoon season begins in November 2006 that will remain so until a Permanent House is constructed.

44. A key benefit of a Roof Structure is that it does not reduce the resources available for subsequent construction of a Permanent Structure as all materials used for its construction will be reused when resources for the other components of the permanent house to be provided to a family. Erection is also fast, and materials are cheap, readily available, and the bamboo structure is suitable to withstand future seismic events.

Table II: Potential of Material Reusability

MATERIALS		UNIT PRICE (RP.)	QUANTITY	TOTAL PRICE (RP.)	PERMANENT HOUSING COMPONENT
BAMBOO (LARGE SIZE) :					Non-structural housing elements
	APUS TYPE	6,000	10	60,000	
	PETING TYPE	14,000	4	56,000	
BAMBOO (MEDIUM SIZE) :					Non-structural housing elements
	APUS TYPE	5,500	86	473,000	
GEDHEK (pieces)		30,000	10	300,000	Internal walls/partitions
NAILS (kg)					
	NAILS - 1,5 Inch (4,0 cm)	7,000	4	28,000	
	NAILS - 3,0 Inch (8,0 cm)	7,000	4	28,000	
	NAILS - 4,0 Inch (10,0 cm)	7,000	3	21,000	
TARP (1 unit)					As needed by each household
	HIGH QUALITY (A5 TYPE)	200,000	1	200,000	
RUBBER (roll)		2,250	7	15,750	Fastening
FABRIC (m)		6,000	14	84,000	Internal walls/partitions
WIRE (kg)		7,750	1	7,750	
CEMENT (zak)		25,000	2	50,000	Mortar, fill
SAND (m3)		60,000	1.5	90,000	Mortar, fill
TILES					Permanent roof
Roof Tiles		325	1,100.0	357,500	
Ridge Tiles		1,500	32.0	48,000	

45. By following on from the already proven program of the Implementing Agency, the Program can reduce most operational and implementation risks. However, there are still a number of risks such as natural disasters, the ability of the Implementing Agency to establish a central prefabrication facility and increase its production capacity, and the possibility of overlap with the GoI program that should be anticipated. The risks associated with natural disasters will be mitigated by the quality of the Roof Structure Kits distributed, and the technical assistance provided at the construction phase. The possibility that the Implementing Agency will not be able to meet production targets is mitigated by the selection of an organization that is well established internationally, in other areas in Indonesia, and in the Affected Areas with proven programs. To mitigate the possibility that the Project will overlap with the broader GoI response once they begin disbursement of funds, the project will work closely with the ERC's Management Information Systems program monitoring all assistance being provided.

46. Demand. It is assumed that the demand level for CHF roof structures will remain consistent with what has been thus far experienced. Government policies as well as the pace of private reconstruction may have an impact on the willingness of beneficiaries to accept roof structures. Should substantial changes occur, CHF will immediately inform and consult with the World Bank. To mitigate the possibility that the Project will overlap with the broader GoI response once they begin disbursement of funds, the project will work closely with the ERC's Management Information Systems program monitoring all assistance being provided

47. The uncertain outcome of CHF's application for registration raises questions about its legal status in Indonesia as well as additional risks for the outcome of the proposed grant, which will be addressed as follows: first, it is envisaged that the grant agreement will be in the form of a tripartite agreement with the GOI (represented by the provincial governments) as the third party to the agreement. The involvement of

GOI would serve as an implicit recognition by GOI of the role of CHF in the activities supported under the grant. Second, prior to first disbursement of the grant proceeds, CHF will be required to provide a satisfactory legal opinion of counsel acceptable to the Bank on its legal status to operate in Indonesia. Third, the grant agreement will provide that rejection of CHF's application for registration or revocation by GOI of its permit to operate in Indonesia, whether tacit or otherwise, will be treated as an event of suspension, triggering a suspension of further disbursements of the grant. Finally, the grant agreement also provides for a midterm review to be held after no more than half of the grant amount is disbursed, during which CHF's performance will be assessed, thus in effect limiting considerably the Bank's exposure in case of non-performance for whatever reason by CHF

XIII. Project Results

48. Please refer to Annex II: Results Framework.

XIV. Monitoring and Reporting

49. The Implementing Agency must provide fortnightly reports on the physical and financial progress of the report. In addition, the Implementing Agency must submit one final report after operational aspects of the Project have been completed summarizing the findings of the follow-up surveys of the beneficiaries, and details of the procurement, pre-fabrication, distribution, and technical assistance stages of the project. For further details on reporting, please refer to Annex II: Results Framework.

50. The project will use their existing accounting system, which is documented in the manual for the Implementing Agency field office. The accounting manual is acceptable. All project transactions are included in its financial statement, so that risk of double counting with other donors can be reduced.

51. In addition to the existing financial reporting requirements, the Implementing Agency will produce financial reports, which consist of financial and physical progress information at the end of the project. Some risks will arise from similar expenditures that are being funded by donors other than IBRD. Separate account codes will be created to allow expenditure to be tracked for different field office and different donors.

Annex I. Project Costs

JRF Budget Detail

Line Item	Object Class Categories	Cat	JRF Budget	Sub Total
	Staff Costs			
1	Country Director	1	5,516	
2	CFO/Deputy Director	1	3,551	
3	OGO Asia Director	1	3,083	
4	Proc./Admin. Start-up Spec.	1	4,534	
5	Program Officer	1	3,929	
6	Associate Program Officer	1	2,222	
7	Finance/Accounting Officer	1	922	
8	General Administrative Support	1	453	
9	Fringe - International Hires	1	7,992	
10	Fringe - Local Hires	1	440	
23	M&E Specialist	1	16,458	
24	See schedule	1	105,332	
25	Project Manager	1	30,800	
26	Prefab Shop & Warehouse Manager	1	16,830	
27	<i>Student Volunteer Component (50% AIG)</i>	1	18,744	
28	Volunteer Insurance	1	1,487	
29	NGO Component	1	20,000	
	Subtotal Staff Costs			242,293
	Goods & Material			
22	Office equip./computers	2	5,000	
30	Material Supplies	2	1,599,121	
41	Tool Kits	2	60,800	
50	Advertising/Branding	2	3,077	
	Subtotal Good & Material Costs			1,667,998
	Labor Costs & Wages			
33	Prefabrication labor costs	3	40,000	
34	Prefabrication/warehouse Laborers	3	43,956	
35	Construction Field Trainers	3	13,186	
	Subtotal Labor Costs & Wages			97,142
	Operational Costs			
11	Expat allowances	4	2,500	
12	Guest House Rental	4	5,000	
13	Residential Utilities	4	1,500	
14	International Airfare	4	8,000	
15	Domestic Airfare	4	780	
16	Per Diem Jakarta	4	800	
17	Per Diem Yogyakarta	4	488	
18	Domestic Airfare	4	1,300	
19	Per Diem	4	2,100	
20	Domestic Airfare	4	1,950	
21	Per Diem	4	2,745	
32	Logistical Trucking Services	4	99,333	
36	Warehouse Lease Fees	4	6,000	

37	Warehouse Utility Costs	4	2,400	
38	Warehouse Insurance	4	3,000	
39	Backup Generator	4	5,000	
40	Generator fuel	4	800	
43	Cell Phones	4	500	
44	Office Rent-- Yogyakarta	4	1,600	
45	Office Utilities -- Yogyakarta	4	960	
46	Office Supplies	4	1,600	
47	Printing & Photocopying	4	1,200	
48	Postage, Delivery, Courier Services	4	400	
49	Computer Repair & Maintenance	4	400	
51	Publishing Manuals	4	1,000	
52	Land Line Service	4	2,000	
53	Cell Phone Service	4	2,000	
54	Internet Service	4	4,800	
55	Vehicle Rental/Fuel - Yogyakarta	4	15,200	
57	Vehicle Repair -- Yogyakarta	4	400	
59	Banking fees	4	400	
60	Visa Fees	4	2,500	
61	War Risk Insurance	4	1,492	
	Subtotal Operational Costs			180,148
	Consultants			
58	External Audit	5	1,000	1,000
	Overhead			
64	Indirect Charges	6	155,439	155,439
	Unallocated			
31	Material Contingency (2%)	7	31,982	31,982
	Program Grand Total		2,376,002	2,376,002

Annex II: Results Framework

Project Development Objective	Key Outcome Indicators	Frequency	Source	Responsibility
To respond to the most basic needs of the households affected by the earthquake through the provision of roof structures that transition to permanent housing.	<ul style="list-style-type: none"> ➢ Beneficiaries households' (men/women) satisfaction on ability to resume their normal household activities, e.g. children can study, family member/s can conduct informal economic activities, protected from rain and adverse weather conditions. ➢ Percentage of beneficiaries of roof structures that transition to permanent houses. ➢ Percentage of beneficiaries of roof structures that reuse their materials in permanent house. 	<ul style="list-style-type: none"> ➢ Mid-term and Final ➢ Mid-term and Final ➢ Mid-term and Final 	<ul style="list-style-type: none"> ➢ Survey ➢ Survey ➢ Survey 	<ul style="list-style-type: none"> ➢ CHF, followed up by Independent Controller and Verifier Consultant ➢ CHF, follow-up by Independent Consultant ➢ CHF, follow-up by Independent Consultant
Intermediate Results	Intermediate Results Indicators		➢	➢
Households receive Roof Structures Kit.	<ul style="list-style-type: none"> ➢ Number of prefabricated Roof Structures Kits produced that meet satisfactory basic technical quality. ➢ Number of Roof Structures Kit delivered to eligible beneficiaries that meet satisfactory basic technical quality. 	<ul style="list-style-type: none"> ➢ Monthly ➢ Monthly 	<ul style="list-style-type: none"> ➢ Report ➢ Report 	<ul style="list-style-type: none"> ➢ CHF ➢ CHF
Output Results	Output Indicators			
To provide earthquake affected families with safe and durable housing through the provision of roof structures while permanent housing is being rebuilt.	<ul style="list-style-type: none"> ➢ Number of roof structures constructed that conform to pre-agreed specifications. ➢ Percentage of roof structures occupied by beneficiaries. 	<ul style="list-style-type: none"> ➢ Monthly ➢ Mid-term and final 	<ul style="list-style-type: none"> ➢ Survey ➢ Survey 	<ul style="list-style-type: none"> ➢ CHF and Independent Team ➢ CHF and Independent Team

ARRANGEMENTS FOR RESULTS MONITORING

Target Values						Data collection and reporting		
Intermediate Indicators	Dec '06	Jan '07	Feb '07	Mar '07	Apr '07	Frequency	Instruments	Responsibility
Number of prefabricated Roof Structures Kits produced. (cumulative)	660	3300	5940	8000		monthly	report	CHF
Number of Roof Structures Kit delivered to eligible beneficiaries that meet satisfactory basic technical quality.	500	3140	5780	8000				
Output Indicators	Dec '06	Jan '07	Feb '07	Mar '07	Apr '07	Frequency	Instruments	Responsibility
Number of roof structures constructed that conform to pre-agreed specifications (cumulative)	350	2750	5150	7300	8000	monthly	survey	CHF and Independent Team
Percentage of roof structures occupied by beneficiaries			90			Mid term and final	survey	CHF and Independent Team
Outcome Indicators	Dec '06	Jan '07	Feb '07	Mar '07	Apr '07	Frequency	Instruments	Responsibility
Beneficiaries households' (men/women) satisfaction on ability to resume their normal household activities, e.g. children can study, family member/s can conduct informal economic activities, protected from rain and adverse weather conditions.			80			Mid term and final	survey	CHF and Independent Team
Percentage of beneficiaries of roof structures that transition to permanent houses.			60			Mid term and final	survey	CHF and Independent Team
Percentage of beneficiaries of roof structures that reuse their materials in permanent house.			60			Mid term and final	survey	CHF and Independent Team

Annex III: Financial Management

FINANCIAL MANAGEMENT ASSESSMENT

Durable Shelter Construction in Earthquake-Affected Areas of Yogyakarta and Central Java Provinces

Summary

The project will be financed by the Java Recovery Fund for a period of five months. The total budget estimate is USD 2.4 million, and this will finance the construction of durable shelters to earthquake-affected communities in Yogyakarta and Central Java.

The purpose of the project's financial management assessment is to determine whether the financial management systems of the implementing agency, CHF International (Cooperative Housing Foundation) has the capacity to produce timely, relevant and reliable financial information on the project activities. CHF is a non profit organization with headquarters in Washington DC, USA. The financial management system in headquarters has not been assessed for this Grant.

Financial management risks are rated as 'Substantial'. These risks may arise from two factors: (1) the project might be influenced by the weak overall fiduciary environment in the country. In such an environment, a set of fiduciary policies and procedures is needed to ensure that the proceeds of the grant are used only for the purposes intended, with due regard to economy and efficiency; (2) CHF should exercise careful financial control over the expenditures made at the field location in Yogyakarta, particularly over inventories of building materials purchased. Further, as of the date of the assessment, CHF has not been granted a formal registration by the Government of Indonesia to operate in Indonesia, and is so far operating under a separate sub-agreement with USAID to carry out its activities under their program. Some operational risks may also arise as a result of this arrangement.

Some measures have been proposed to mitigate the risks arising from these factors. In addition to existing financial management procedures, CHF will strengthen payment validation procedures related to the project and special purpose financial reports will be requested for this operation on monthly basis, to facilitate monitoring. The Jakarta office should arrange periodical physical verification of inventory at the project sites in Yogyakarta. An independent financial audit will be requested upon completion of the operation, together with a review of internal controls over project implementation. Prior to disbursement, CHF has to provide a legal opinion on its legal status to operate in Indonesia.

Overall, the project financial management risk is assessed as being Substantial. This assessment has concluded that with the implementation of the action plan, the proposed financial management arrangements will satisfy the Bank's minimum requirements under OP/BP10.02 and are adequate to provide, with reasonable assurance, accurate and timely information on the status of the grant required by the Bank. More details of the financial management assessment are given below.

Summary of Risks and proposed mitigating arrangements

The project's overall risk assessment and summary of mitigating measures is as follows:

Table 1

<i>Risks [High / Moderate / Low]</i>	<i>Assessment</i>	<i>Summary Comments & Risk Mitigation Measures.</i>	<i>Conditionality</i>
A. Inherent Risks			
1. Country Level Risks	Substantial	This operation will not rely on the Govt. financial management systems. Fiduciary risks normally associated with use of Government FM systems will therefore not apply. But the wide prevalence of corruption in the country will impact the control environment to some degree.	N
2. Entity specific risks Main operational risk may arise from inadequate legal authorization to operate in Indonesia	Substantial	CHF has considerable international experience in this assignment. Jakarta team is managed by a team of eight professional staff, including two qualified expatriate staff. Yogyakarta team has 30 staff, including 3 staff in financial administration unit. Prior to disbursement, CHF has to provide a legal opinion on its legal status to operate in Indonesia.	N
Implementing Entity Organization	Substantial	CHF is a non-profit organization. Income FY 05 was amounted around \$130 million and mostly from donors such as USAID. Total expenditures amounted \$128 million for FY 05.	N,
b. Entity Governance & Audit arrangements	Moderate	The audit of the International CHF 2005 financial statement was conducted by Gelman, Rosenberg & Fredman. The auditor expressed unqualified opinion for the last two years financial reports. KAP Johan Malonda is the auditor for the Indonesia operation. The auditor expressed unqualified opinion for the last two years.	N
Overall Entity specific Risk	Substantial		
B. Control Risks			
1. Budgeting Risk of unbudgeted project expenditures being incurred.	Moderate	Detailed budgets for proposed expenditure have been prepared and are under discussion with the task team.	N
2. Internal Controls Risk of misuse of inventories	Substantial	The internal audit should include physical verification of inventory, comparison with the records and reporting of any difference. Financial and Administration Manager play a role as internal auditor for Yogyakarta operation, while the Chief Financial Officer (CFO) performs the internal audit function for the Jakarta Office. Physical verification of inventory, comparison with the records and reporting, if any	Y
3. Accounting Risk of unreliable accounting and reporting	Substantial	Accounting staff capacity in Jakarta and Yogyakarta is adequate. The Yogya office uses a simple spreadsheet for financial reports and forwards it to Jakarta to be entered in Quick Book. The Jakarta office will verify all expenditures from the Yogya office before entering to the Quick Book. Bank reconciliation takes place in the Jakarta office regularly.	N
4. Flow of Fund Risk of funds not reaching targeted beneficiaries, and risk of double counting with other similar activities of CHF.	Moderate	There should be clear definition of expenditures on the principal that all directly identified to this project will be reimbursed and organizational overhead may be reimbursed only in proportion to the total operations in Yogyakarta.	Y
5. Audit arrangements Risk of poor quality audit	Moderate	Independent private audit firms will be hired and based on TOR acceptable to the Bank. The audit will be for financial transactions in Indonesia under this Grant. The audit report should be submitted to the Bank three months after the end of the project.	Y
Overall project specific Risk	Substantial		

Institutional and staffing arrangements

CHF International is US-based foundation incorporated under the laws of New Jersey, USA, and registered as Cooperative Housing Foundation. It has since expanded its activities overseas with operations in some 30 countries around the world. Under the Law on Foundations of Indonesia (Law No. 16/2001), foreign foundations which are not registered in Indonesia can undertake their activities in Indonesia unless the activities of the foundations harm the Indonesian people, nation and country (see Art. 69). The same law also provides for the adoption of a detailed regulation on foreign foundations but no such regulation has been adopted to date. Meanwhile CHF has applied to the Government for its formal registration as a foundation in Indonesia but its application is still pending and has yet to be approved.

The Jakarta office has adequate financial management staff. Existing staff of the entity are located in Jakarta and Yogyakarta. Jakarta has eight staff, including two expatriate staff and four staff in financial and administration unit. There will be 30 staff in Yogyakarta, including three staff in the financial and administration unit.

Accounting & Reporting

The Yogyakarta office only has authority to spend an operational budget less than \$1000. The Yogyakarta office will use a simple spreadsheet for reporting purposes. The Yogyakarta office will forward all financial documents to Jakarta. These documents will be entered to the Quick Book system in Jakarta. Activities will be supervised by the Jakarta office of CHF.

The project will use their existing accounting system which is documented in the manual for CHF field office. The accounting manual is acceptable. All project transactions are included in its financial statement, so the risk of double counting with other donors can be reduced. In addition to the existing financial report, CHF Jakarta will produce financial reports which consist of financial and physical progress information at the end of the project.

Audit Arrangement

Special purposes project financial statement for expenditure under this grant would be prepared by the Jakarta office, based on summary of financial transaction received from the Yogyakarta office. The financial report will be subject to a financial audit by reputable auditor acceptable to the Bank. A copy of the project audited financial statements, along with the management letters issued by the auditors, if any, will be submitted to the Bank no later than three months after the end of the project.

The Terms of Reference (TOR) for the project audit will be agreed by the Bank with the Recipient before negotiations. The audit report will include an opinion on the reliability of the project financial statements.

Disbursement Arrangement

In order to overcome CHF liquidity for pre-financing, advance from grant is required. For this purpose, CHF need to open a designated (special) account (DA) denominated in US\$ in a commercial bank in Jakarta or Jogjakarta acceptable to the Bank. The DA will be a segregated account solely used to finance eligible project expenditures. The ceiling of the advance to the DA is fixed at \$0.8 million. The payments to the DA will be considered as the advances to CHF, while reporting on uses of the advances should be submitted to the Bank monthly and any un-used advances must be refunded to the Bank by the end of the project.

Reporting the use of the DA funds would be consisting of:

- Statement of Expenditures (SOE) showing details of expenditures and classified under (a) consultants/staff cost; (b) goods and materials; (c) labor; (d) operational costs and overhead.
- DA reconciliation statement.

Applications for reporting use of DA funds (as above) and further advance for replenishment of the DA may be submitted monthly in a single application.

All documentation evidencing expenditures will be retained by CHF and shall be made available to the auditors for audit and to the Bank and its representatives if requested

Allocations of grants proceeds are as follows

Table 2
Grant Allocation Summary

Expenditures Category Description		Amount of Grant (US\$ equivalent)	% of expenditures to be financed
1	Staff Costs and consultants	244,000	100%
2	Goods and Materials	1,668,000	100%
3	Labor costs and wages	100,000	100%
4	Operational costs and overhead	336,000	100%
5	Unallocated	32,000	100%
Total		2,380,000	

The Project Cash Flow is as follow:

Table 3
JRF Cash Flow Summary Nov 06-April 07

Expenditures Category	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Total
	\$	\$	\$	\$	\$	\$	\$
1. Staff Costs and consultant	20,012	58,499	58,499	49,915	44,861	12,214	244,000
2. Goods and Materials	172,575	498,475	498,475	498,475	0	0	1,668,000
3. Labor costs and wages	12,128	28,091	28,091	28,091	2,879	720	100,000
4. Operational costs and overhead	64,762	73,290	74,028	61,412	34,462	28,046	336,000
5. Unallocated Costs			3,187	9,604	9,604	9,605	32,000
Total	269,477	658,355	662,280	647,497	91,806	50,585	2,380,000

Remedies

If ineligible expenditures are found to have been made from the special account, or if expenditures are made from the Special Account without adequate supporting documentation to validate these, the Recipient will be obligated to refund the same to the Bank.

The Bank will have the right to suspend disbursement of the funds if significant terms of the Grant agreements, including reporting requirements, are not complied with. This will be reflected in the Grant agreement

FINANCIAL MANAGEMENT ACTION PLAN AND CONDITIONALITIES

Table 4

Action	
Condition of Effectiveness	
1	The Terms of Reference of the internal audit should be agreed with the Bank, and to include a review of internal controls over project implementation, eligibility of project expenditure and physical verification of inventory.
Actions to be followed up during implementation (To be reflected as Other Covenants in the Grant Agreement)	
2.	Appointment of external auditors acceptable to the Bank to be completed no later than three months after signing of the Grant Agreement. Audit of the Special Purpose Financial Statements will be submitted to the Bank not later than three months after the project is completed.

Annex IV: Procurement

A. General

Procurement for the proposed project would be carried out in accordance with IBRD's "Guidelines: Procurement under IBRD Loans and IDA Credits" dated May 2004; and "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated May 2004, and the provisions stipulated in the Grant Agreement. The general description of various items under different expenditure category is described below. For each contract to be financed by the Grant, the different procurement methods or consultant selection methods, the need for prequalification, estimated costs, prior review requirements, and time frame are agreed between the Recipient and IBRD project team in the Procurement Plan. Due to the nature of the project, i.e the purchase of basic material on demand basis, the Procurement Plan is still not developed at this stage but will be prior to launching any procurement activities and will be updated on an ongoing basis.

Procurement of Works: N/A

Procurement of Goods: Goods procured under this project would include: the purchase of construction materials, including core materials, roof tiles, prefabricated materials, and the related services (such as: the transportation and the distribution of materials, including field testing). CHF has a network of established vendors it has established through advertising all opportunities ad public tenders in local newspapers. Depending on existing production capacity, other vendors can immediately be added to the existing firms to supply the necessary volume. Construction materials will be purchased on batches, with an estimate of no more than US\$200,000 per package. For contracts below US\$200,000, the procurement will be done following Shopping procedures acceptable to IBRD, by comparing at least three quotations from reputable suppliers, using the Recipient's standard documents amended to be acceptable to IBRD. The list of the reputable suppliers can be drawn from the existing database currently held by CHF or expanded if necessary. Although it is not anticipated yet, however, if necessary, procurement above US\$200,000 will follow ICB procedures, using IBRD's standard ICB documents.

Selection of Consultants: an auditing firm will be recruited under the project to carry external audit. The estimated value of this contract is US\$10,000 and will be selected based on Consultant's Qualifications.

B. Assessment of the agency's capacity to implement procurement

Procurement activities will be carried out by CHF International (CHF). Purchase of material is directly done by CHF. For this purpose CHF employs dedicated Finance and Admin (F&A) Manager, and assistant as well as Procurement/Logistics experts. CHF has documented procurement procedures and uses standardized formats for the bidding process.

The assessment of CHF's capacity concluded that CHF has the capacity to carry out procurement, with existing internal procurement procedures as follows:

1. Up to US\$250 – shall be approved by Project Director and F&A Manager without calling quotation.
2. Between US\$251 and US\$5,000 purchase committee (Country Director, Director F&A, and Program Director) shall approve after calling for quotations (at least 3 quotations).
3. Over US\$5,000 shall be made after calling sealed bids and are subject to prior approval of Country Director, Director F & A, and Program Director.

There is also a provision in CHF's internal procedures requiring CHF to fully comply with the donor's procurement procedures and requirements for projects financed by donors.

CHF's shopping procedures may be followed for this project subject to the following clarifications/provisions:

- Shopping will be carried by comparing at least three quotations selected from the pool of registered suppliers maintained by CHF. The term "registered suppliers" shall not be limited to ones currently listed in CHF's vendor system. If necessary, CHF should expand the list of firms invited to submit quotations in order to expand the pool of qualified potential suppliers.
- Award of contract shall be made to the lowest-priced, substantially technically responsive quotation, and the merit point system currently used by CHF is not acceptable under this project.
- Quotations will be submitted using a one-envelope system.
- No negotiation of contracts is allowed.
- Successful bidder will be required to submit a performance security in the form of bank guarantee from a reputable bank amounting to 10% of contract price. Successful bidder should submit an advance payment guarantee with the same amount should an advance payment be requested.

As the anti corruption action plan on procurement, CHF will disclose the following information on their program reporting system (PRS) net base server:

1. the prices of major construction items; and
2. the complaint database along with the report on the complaint resolution;
3. contract award notices, containing the information specified in para. 2.60 of the Procurement Guidelines.

In addition, the names and addresses of the beneficiaries will also be put in the www.chfinternational.org and ReKompak websites. The overall project risk for procurement is AVERAGE.

C. Procurement Plan

There is no specific procurement developed for this Project at this point, since the purchase of materials will be made on an on-going basis, following the progress of construction works. A procurement plan will be developed prior to launching any procurement activity under the project and will be updated continuously.

D. Frequency of Procurement Supervision

IBRD will conduct prior review to the first two procurement packages following shopping procedures under this project in addition to any ICB if this method is used. The selection of the auditor will also be subject to the Bank's prior review due to the Recipient's lack of familiarity with the Bank procurement procedures for the selection of Consultants.

Annex V: Technical Annex

Technical Annex to MOP on Yogyakarta and Central Java Earthquake Roof Structure Kit Project

1. Background and Strategy

In the morning of May 27, 2006, an earthquake struck the region along the central section of Java's south coast. The areas most severely affected by this earthquake were those south and east of Yogyakarta City, i.e. Kabupaten (District) Bantul (located in Yogyakarta Special Region, *Daerah Istimewa Yogyakarta* – "DIY") and Kabupaten Klaten (located in Central Java Province). Most of the loss of life and most of the material damage was observed in these two districts. Considerable damage and some loss of life were also recorded in the other districts of DIY.

The Preliminary Damage and Loss Assessment Report ("PDLAR") by GoI, World Bank, and ADB estimates the total amount of damage and losses caused by the earthquake at IDR 29.1 trillion (approx. US\$3.1 billion) of which IDR 15.3 trillion (approx. US\$1.7 billion) were in the housing sector. This is more than damage and losses caused in the housing sector by the Aceh disaster (IDR 13.4 trillion).

Under the leadership of the UN, an inter-agency group known as the ERC was established to support GoI in dealing with the needs for immediate assistance.

Various damage assessments state the number of houses destroyed or severely damaged between 306,412 (ERC) and 358,693 (PDLAR). Assuming an average household size of 4.3 persons, this means that between 1.32 and 1.54 million people may have been rendered homeless by the earthquake.

In the immediate aftermath of the earthquake, government agencies and – in response to the GoI request for housing assistance – local and international stakeholders distributed emergency shelter materials (e.g. tarpaulins, tents, mattresses, blankets and other emergency shelter items) to the earthquake affected people. With the completion of these efforts, close to 100% of the needs for emergency shelter have now been covered.

Assessments recently conducted by the key members of the ERC show a minimum need of 102,300 Roof Structures. Up to mid-October 2006, overall commitments from various agencies providing durable shelter assistance amount to 55,000 units, leaving a gap of approx. 47,300 units. The scope of assistance for the first 55,000 units varies from prefabricated bamboo structures to cash vouchers and the distribution of building materials and tools.

Again under the leadership of the UN, another inter-agency group was established (Shelter Cluster Group – "SCG") to coordinate and oversee shelter provision in the disaster Affected Areas, in support of the efforts of GoI and other parties (individuals, civil society, NGOs, etc.).

To deal with the medium term needs of disaster relief and rehabilitation in the sectors housing, infrastructure, restoration of livelihoods, and others, various donors and international organizations have jointly established a Multi-Donor Trust Fund called Java Reconstruction Fund (JRF) in October 2006.

2. IBRD Response and Strategy

IBRD's response to the disaster included immediate communication with the Executing Agency for the Urban Poverty Project III, with the objective of re-allocating undisbursed project funds amounting to US\$20 million to housing reconstruction in the disaster area. IBRD is also in the process of re-assessing its lending program to Indonesia and the macro-economic dialogue, and it is discussing the use of a project preparation facility or trust funds.

The objective of this Project is to complement efforts by GoI, the SCG, and civil society in providing a safe and appropriate shelter to all households that have become homeless as a result of the disaster and have not otherwise been provided with transitional or permanent shelter. To this end, the Project shall provide Roof Structure Kits to an estimated number of 8,000 eligible households. These kits shall be provided by CHF International (CHF).

The main outcome of the project is the provision of 8,000 durable Roof Structure Kits that will be prefabricated at the CHF production facility, delivered through CHF logistics support system to households whose homes were destroyed or heavily damaged, and assembled on site.

The rationale of the Project is that the vast majority of the emergency shelters provided so far are only a short-term solution and will not provide adequate shelter to cover transitional needs throughout the 2-3 years that will probably be required for reconstruction. In the meantime, some families may have the resources to recover on their own, and others may receive assistance from government, civil society or the humanitarian communities. Even so, poverty and insufficient resources create the need for additional efforts to provide Roof Structure.

The lack of adequate housing also impacts the capacity of people to resume their livelihoods. A large percentage of the affected population is engaged in small home based industries and will not be able to resume their previous economic activities in the absence of more durable shelter. Finally, the lack of adequate housing causes severe health problems, which are expected to become much more during the forthcoming rainy season (November through March).

The rationale for entrusting CHF with the implementation of the Project is that CHF is currently, independently from the project and in cooperation with the international community and local partners, completing a large scale Roof Structure construction program that is consistent with ERC's Strategic Framework. Selection, prefabrication and distribution, Shelter Kits, tools and awareness raising materials is complete, and all field erection and monitoring should be completed by the end of November 2006. CHF has also established a joint program for the provision of technical assistance in the field with a consortium of local universities and NGOs. It plans to provide Roof Structures to more than 5,120 households by the November 2006 under this currently ongoing program. The Project is to build upon CHF's experience, project implementation facilities, organizational capacities, and human resources.

3. *Detailed Project Description*

The Project shall help close the remaining gap of needs for Roof Structure, as required during the ongoing efforts to construct a sufficient number of permanent houses for all households that have become homeless as a result of the disaster.

The Project shall provide an estimated 8,000 additional eligible households with "Roof Structure Kits" that consist of simple frames made from bamboo, walls made from bamboo weaving, and roof trusses made from bamboo, to be covered with tarpaulins and clay roof tiles.

These Roof Structure Kits shall, for maximum efficiency and speed, be pre-fabricated at one centralized facility, then transported to the various community sites, and assembled there by the beneficiaries and communities themselves, with the necessary technical assistance provided by the Project.

The Roof Structure design used by CHF uses only high quality bamboo for a number of reasons:

- Erection is fast and materials are easily available in Indonesia and thus this method fulfills fast track construction needs.
- Materials are traditionally used in Javanese culture.
- Adequate bamboo construction is suitable to withstand earthquake resistance or movements.
- Will last a minimum of 3 years, and will last longer than 3 years with periodic maintenance (painting, anti termite spraying, etc.).

Roof structures will be built to seismic resistant standards, and can handle the weight of a tile roof.

The prefabrication facility has yet to be set up, although it is planned to have 5 production lines, operated in 1 shift daily, producing approximately 110 units per day or 660 units per week (assuming a 6-day work week).

The duration of the project shall be five months with an anticipated completion date of April 6, 2007 (assuming a start date of November 17, 2006). Construction of structural elements (frames and roofs) of all 8,000 kits shall be completed before February 28 2007 . The final six weeks of the project shall be used for finalization of field construction, certification and reporting.

CHF will establish a central warehouse and prefabrication facility for the production of Roof Structure Kits under the JRF program. This warehouse and workshop facility optimize procurement, speed up the production process, and ensure that quality control standards are met. The quality of incoming raw materials to the warehouse is checked by dedicated quality control officers 'at the gate' of the production site, while another team controls the quality of the outgoing kits. The central warehouse and prefabrication center is located in Jetis, Bantul district.

The primary project beneficiaries will be 8,000 vulnerable households in immediate need of durable shelter solutions; with an average household size of 4, this equals approximately 32,000 earthquake victims. Aside from this, the Project will also benefit the construction sector through the direct employment of workers at the production facility and in the field, work experience for UGM volunteers, as well as through the reactivation of local labor and businesses active in the production or the provision of construction-related materials or services, e.g. artisans, roof tile producers, daily laborers, *gedhek* (bamboo wall) producers, etc.

Community Outreach Staff of CHF will undertake selection of end-users/beneficiaries according to the following procedures:

1. Site identification: Using the SCG database, Outreach staff will identify those locations with heavy and total damage that do not receive any assistance from other organizations. This information will be reviewed and crosschecked with various other sources including local government. CHF aims for full coverage in each targeted village. Once an area is selected, Outreach staff meet with the community leaders (pak RTs) to introduce the program.
2. Beneficiaries List and Awareness: In consultation with the RT heads, CHF will establish a list of eligible households prioritized order of vulnerability. Potential beneficiaries will then be surveyed by a team of student volunteers under the supervision and guidance of CHF Volunteer Coordinators and Outreach Staff to verify eligibility for assistance. Volunteers also carry out detailed community mapping documenting the damage sustained by each household. Following the volunteer assessment, the RT beneficiary list is vetted with the entire community through a community-wide meeting.
3. Ex-post Distribution/Monitoring: After delivery of the Shelter Kits, CHF volunteers are in the communities daily to provide technical support to volunteer construction crews from the villages and beneficiaries' households. Additionally CHF technical staff will conduct a technical audit of approximately 30% of beneficiaries to verify structural quality. CHF will also conduct household level audits to evaluate beneficiary satisfaction.

The proposed methodology builds on CHF's lessons learned during the start-up of its durable Roof Structure program and deals with on-the-ground realities, namely:

- The current capacity of the work force mobilized from the community is insufficient to erect shelters at the pace required to meet the needs for durable shelter. Some communities are already facing "burn out" when dealing with the demands of reconstruction, combined with the necessity to earn income and tend to the fields and animals. Reconstruction is often taking place between 8:00 pm and midnight, weekends included.

- Initial housing designs were labor intensive and time consuming to erect on site. Manpower limitations require a simple and less labor intensive approach to field construction without sacrificing the self-help aspects of the project
- It is expected that during the monsoon season, productivity will be reduced by 50% or more, thus impacting productivity levels and necessitating centralized prefabrication.
- Quality control of the frame is essential when placing heavy roof tiles on lightweight bamboo structures. Furthermore, many of the village construction teams do not have the construction expertise and understanding to consistently produce adequately braced and structurally secure shelters capable of supporting heavier roof loads.
- Unreliability of suppliers with regards to the quality and quantity of materials distributed directly to the villages.

Based on these lessons learnt from the early reconstruction phase, it appears that the prefabrication of Roof Structure Kits is the best way to address the majority of challenges described above. The prefabrication strategy has been field tested by CHF and is producing the desired outcomes of fast construction coupled with sound management.

4. *Institutional Arrangements and Project Implementation*

The implementing agency for the Project shall be CHF. CHF will be responsible for day-to-day management, including procurement of materials, operation of the prefabrication site, distribution of Roof Structure Kits, provision of technical assistance for assembly on site, logistics, and all other operational details of the Project, in accordance with IBRD policies and procedures. CHF will report on its activities and their outcomes to IBRD.

IBRD will be entitled to conduct, at its discretion, the technical, financial, social, and environmental audits as considered necessary.

Given the experience and demonstrated capacities of CHF, the provision of additional technical assistance is not required.

5. *Action Plan*

The following work phases for shelter prefabrication and construction are planned:

Step 1: Standard Design (Completed)

CHF's current 3x6 m design for Roof Structure Kit includes clay roof tiles to increase the longevity of the roof and provides better perimeter water protection with a 30cm high masonry wall and elevated floor. CHF's design is appropriate for habitation for at least three years. CHF shelter design has been broken down into shop-built components or pieces that can be shipped to the village level in the form of a kit that reduces construction time in the field by at least fifty percent and virtually guarantees structural integrity of the finished shelter.

Step 2: Bill of Quantity/Costing (Completed)

A budget has been prepared for the standard Roof Structure Kit. The total cost for a standard Roof Structure Kit is based on existing unit prices and currently stands at US\$297 including prefabrication, transport and distribution, office, staff and central CHF overhead costs. For a detailed budget, please refer to Annex I: Project Costs.

Step 3: Set-up of the Production facility

CHF has leased a production facility in Jetis, Bantul, and is currently preparing the facility for operation. This secure site is ideal to store a large quantity of incoming, outgoing material and provides sufficient room for loading and unloading trucks. Moreover, the facility has a reliable power supply.

The production lines are based on a simple design requiring little capital investment. Power equipment has already been procured and includes circular power saws, electric drills, and a backup generator in the event of power failure. CHF subcontracts 5 prefabrication teams consisting of fifteen local laborers and carpenters who will, in total, produce approximately 110 units per shift. In addition to these teams, CHF employs 100 laborers to handle sorting of bamboo, loading of trucks, dispatching Roof Structure Kits and so on.

Notably, the production facility allows for strict quality control procedures, vis-à-vis incoming materials and outgoing prefabricated units. Contractors are paid according to their performance against targets and quality control standards and specifications.

Step 4: Procurement of materials

CHF has a network of established vendors and has advertised public tenders in local newspapers. Many of the existing vendors have the opportunity to supply the production center. Depending on existing capacity, other vendors can immediately be added to the existing firms to supply the necessary volume, in close coordination with various procurement officers of other agencies that are involved in Roof Structure construction.

Step 5: Kit Fabrication on a Piece Work Basis

CHF will produce, for each Roof Structure Kit, three main types of prefabricated components that are (a) the most labor intensive, and (b) crucial to the structural integrity of the building. These are:

- 4 wall components,
- 4 roof trusses,
- 8 columns, and
- 7 roof purloins.

In addition, roofing elements (the frame that holds the roof tiles) will be precut to facilitate transportation of materials and improve on-site construction efficiency.

The fabrication of the Roof Structure Kit is organized in different shifts consisting of foremen/supervisors and local skilled woodworkers. Workers are specialized along the different aspects of the production to optimize speed and quality of construction.

Step 6: Kit Distribution

The prefabricated elements will be combined with a tarpaulin for the roof, bamboo sheeting for the walls, fastening materials, sand and cement to form a Roof Structure Kit. CHF will rely on the beneficiaries' ability to either salvage or purchase sufficient roof tiles to form the roof of their Roof Structure. Roof Structure Kits will be disbursed from the Distribution Center to beneficiaries, as identified by the provincial governors and CHF. CHF will also coordinate the distribution of toolkits prior to Roof Structure Kit distribution with one toolkit for 10 families. These toolkits include tools for clearing sites, preparing the site to receive the Roof Structure. Thus far, the vast majority of recipients of CHF Roof Structure Kits had existing slabs or sites suitable for use in close proximity to the original house site. Repair of the foundation for the Permanent House will be the responsibility of the organization (most likely to be the Provincial Governments) providing the permanent reconstruction aid. In addition, CHF

will continue to distribute awareness raising materials and safe building manuals, which will complement the technical assistance provided by CHF volunteers.

CHF will conduct these logistical operations with efficiency, while ensuring accountability to the end-user level. CHF will also use its existing partnerships with numerous local NGOs, currently active in the distribution and construction process to assist in the distribution and assembly of Roof Structure Kits. Discussions are ongoing with the relevant NGOs as well as with the SCG Coordinator to incorporate their capacity and expertise in the CHF program.

Step 7: Construction

In the field, CHF will oversee and provide technical guidance for the construction of shelters, in cooperation with volunteer students from local universities, including the Department of Architecture of the Universitas Gadjah Mada (UGM) and recruited skilled construction workers (one skilled carpenter for each team of community *gotong royong* labor) who are pre-trained. Finally, Roof Structure Kits include a Construction Manual, to serve as a reference during the construction process, as well as one skilled carpenter to assist in construction.

Once installed with roof tiles and recycled brick floors, the Roof Structure Kit can be classified as semi-permanent shelters with a life expectancy of at least three years. Beneficiaries may install salvaged doors and windows from their damaged houses to enhance the condition of the durable structures.

Correctly positioned in the center of an existing slab, the 18m² structure will allow the incremental construction of a permanent shelter around the Roof Structure Kit. Beneficiaries can live a dignified existence while they proceed with permanent reconstruction efforts, which may take several years.

Annex VI: Project Preparation and Supervision

Milestone	Date
Project Concept Review	10/20/2006
Appraisal	10/20/2006-11/13/2006
RVP approval	
Planned date of Effectiveness	12/20/2006
Planned closing date	June 30, 2007

Key institutions responsible for preparation of the project:

1. World Bank

IBRD staff and consultants who worked on the project included:

Name	Title	Unit
Ida Ayu Indira Dharmapatni	Task Team Leader	EASUR
Hongjoo Hahm	Infrastructure Sector Coordinator/Lead Infrastructure Specialist	EASUR
Raj Soopramanien	Senior Counsel	LEGEA
Yogana Prasta	Senior Disbursement Officer	EACIF
Joe Leitmann	Lead Environmental Specialist	EASEN
Rajiv Sondhi	Senior Financial Management Specialist	EAPCO
Unggul Suprayitno	Financial Management Specialist	EAPCO
Rizal Rivai	Senior Procurement Specialist	EAPCO
Sarosh Khan	Senior Infrastructure Specialist	Consultant
Gottfried Roelcke	Urban Specialist	Consultant
John Holdaway	Research Assistant	Consultant

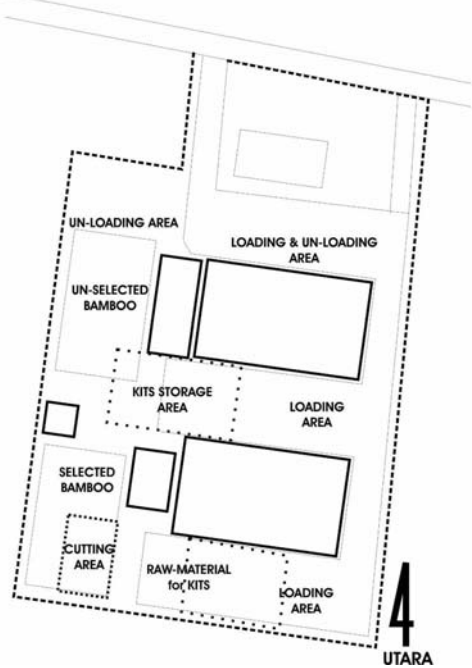
Funds expended to date on project preparation:

1. Trust funds : \$US 25,000

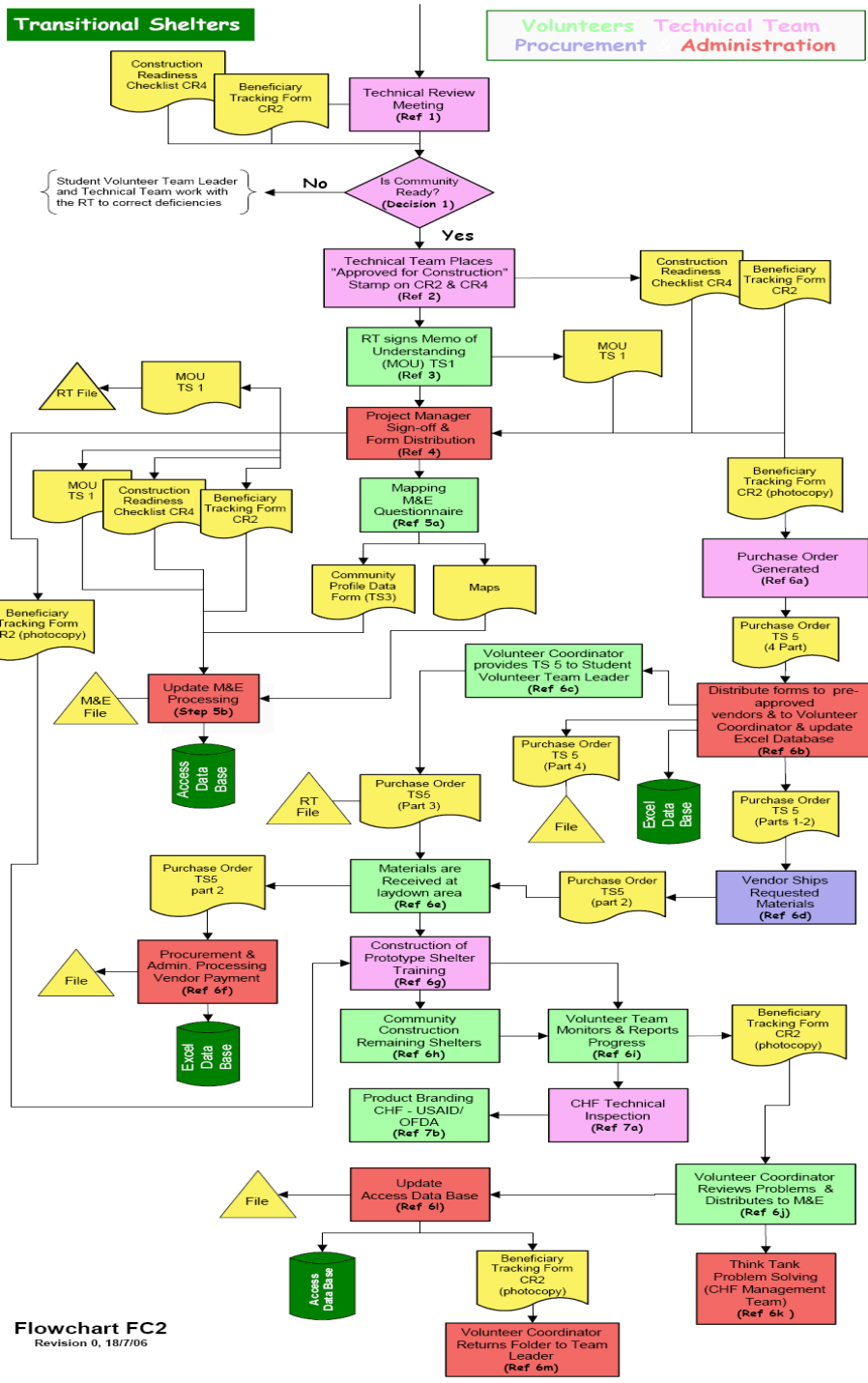
Estimated Approval and Supervision costs:

1. Remaining costs to approval : \$US 5,000
2. Estimated annual supervision cost : \$US 65,000

ZONING MATERIALS (PREFAB)



Attachment II : Durable Shelter Flow Chart



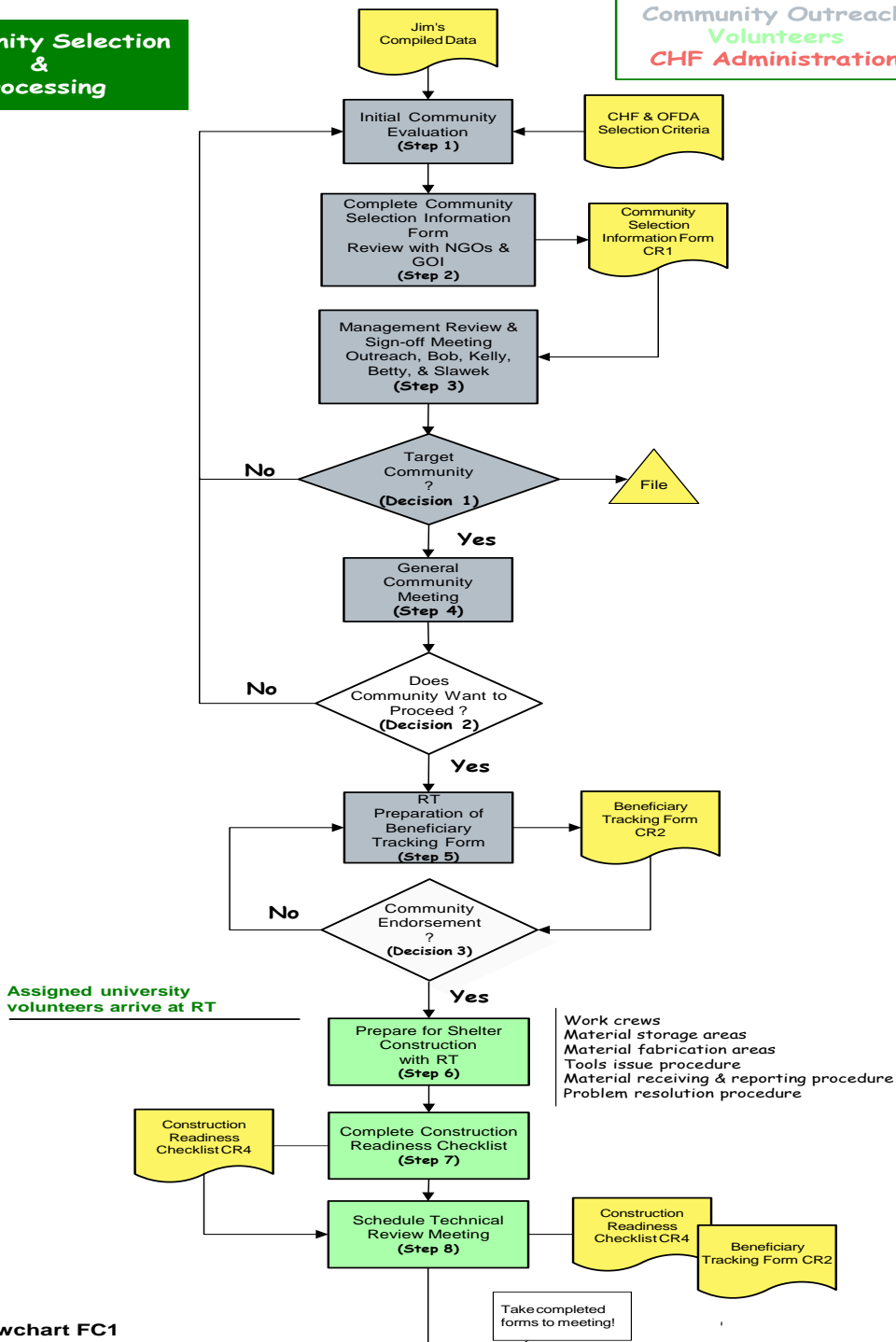
Attachment III. Targeting Process

The selection process of beneficiaries is as follow:

1. Coordinate with local government to identify list of communities according to assessment data and criteria established by government.
2. Collect data about the community according to CHF/USAID/OFDA criteria:
 - a) Level of damage
 - b) Poverty level
 - c) Willingness to work with CHF to build their shelters
 - d) Located within cluster of communities to facilitate more effective assistance and coordination
3. Select community from data and organize meeting to determine if community is interested in participating with CHF TSP.
4. Carry out general meeting with community (R.T.) to describe TSP and criteria. Information provided:
 - a) What is CHF – USAID funding source
 - b) Assistance with materials and technical support
 - c) Agreement for community to use self-help labor to construct shelters
 - d) How salvageable materials can be used
 - e) Example of shelter built in Kerten (photos)
 - f) Policy of community responsibility for materials delivered – lay down site, security, fabrication site for trusses
 - g) Responsibility of community to ensure that if 10 shelter kits are delivered, 10 shelters are constructed of those materials. (If maximum number of family members exceeds multiples of 7, then additional shelters will be allocated to that family.
5. Community decides if they want to participate with CHF. If yes, R.T. provides list of beneficiaries to Outreach Specialist. Criteria for beneficiaries:
 - a) Vulnerable members of community: widows and widowers, elderly, ill or injured in earthquake, single heads of household
 - b) Persons who are lower income and unable to provide shelter for themselves
 - c) Willing to participate in *gotong royong* to construct shelter
 - d) Willing to assist other beneficiaries, if able, with *gotong royong* to construct shelters
 - e) Not receiving shelter assistance from another agency or entity
6. Outreach Specialist brings beneficiary list to Yogya office for discussion with Senior CHF Staff to ensure that criteria are met.
7. R.T. meets with entire community to show beneficiary list and gain agreement.
8. Memo of Understanding is signed by R.T. and CHF.
9. Community list of beneficiaries is provided to Government by Outreach Specialist so that Government knows where CHF is working and can coordinate with other NGOs and agencies who are working on shelter programs.

Community Selection & Processing

**Community Outreach
Volunteers
CHF Administration**



Flowchart FC1
Revision 0, 18/7/06

Attachment IV. Project Organization

CHF Organizational Chart
 JRF Durable Shelter Project
 Yogyakarta
 13/11/06

