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Resilient nations.*

**First Consolidated Annual Progress Report on Activities  
Implemented under the UN Window of the  
Indonesia Multi-Donor Fund Facility for Disaster Recovery  
(IMDFF-DR)**

**Report of the Administrative Agent of the  
UN Window of the IMDFF-DR for the period  
1 January – 31 December 2011**

**Multi-Partner Trust Fund Office**  
Bureau of Management  
United Nations Development Programme  
<http://mptf.undp.org>

31 May 2012

## Participating Organizations



Food and Agriculture Organization (FAO)



International Labour Organization (ILO)



International Organization for Migration (IOM)



United Nations Environment Programme (UNEP)



Office of the United Nations High Commissioner for Refugees (UNHCR)



United Nations Children's Fund (UNICEF)



United Nations Development Programme (UNDP)



United Nations Educational, Scientific and Cultural Organization (UNESCO)



United Nations Office on Drugs and Crime (UNODC)



United Nations Population Fund (UNFPA)



United Nations Human Settlements Programme (UN-HABITAT)



United Nations Industrial Development Organization (UNIDO)



United Nations Office for Project Services (UNOPS)



World Food Programme (WFP)



World Health Organization (WHO)



United Nations Entity for Gender Equality and the Empowerment of Women (UNWOMEN)



New Zealand

## Abbreviations and acronyms

AA	Administrative Agent
BAPPENAS	National Development Planning Agency
BNPB	National Disaster Management Agency
DALA	Damage and Loss Assessment
DRR	Disaster Risk Reduction
FAO	Food and Agriculture Organization of the United Nations
GoI	Government of Indonesia
ILO	International Labour Organization
IOM	International Organization for Migration
MPTF	Multi-Partner Trust Fund
MoP	Ministry of Planning
MPTF Office	Multi-Partner Trust Fund Office
PCN	Programme/Project Concept Note
PDNA	Post-Disaster Needs Assessments
RENAKSI	Rehabilitation and Reconstruction Action Plans
TOR	Terms of Reference
UNCT	United Nations Country Team
UNDG	United Nations Development Group
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UN-HABITAT	United Nations Human Settlements Programme
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNODC	United Nations Office on Drugs and Crime
UNOPS	United Nations Office for Project Services
UNWOMEN	United Nations Entity for Gender Equality and the Empowerment of Women
WB	World Bank
WFP	World Food Programme
WHO	World Health Organization

## Definitions

### **Allocation**

Amount approved by the relevant steering committee for a project/programme.

### **Approved Project/Programme**

A project or programme that has been approved by the IMDFF-DR Steering Committee for fund allocation purposes.

### **Donor Commitment**

A contribution expected to be received or already deposited by a donor, as per signed Standard Administrative Arrangement (SAA) with the UNDP Multi-Partner Trust Fund Office (MPTF Office), in its capacity as the Administrative Agent (AA) of the Fund.

### **Donor Deposit**

Cash deposit received by the MPTF Office for the Fund.

### **Direct Cost**

Cost that can be traced to or identified as part of the cost of a project or programme.

### **Indirect Support Cost**

A general cost that cannot be directly related to any particular programme or activity of the Participating Organizations. Under UN MPTFs, these costs amount to 7 percent as per the UNDG agreed MPTF cost recovery.

### **Net Funded Amount**

Amount transferred to a Participating Organization less refund of unspent balances received from the Participating Organization.

### **Participating Organizations**

Organizations that have signed a Memorandum of Understanding (MoU) with the MPTF Office.

### **Project Commitment**

Amount for which legally binding contracts have been signed, including multi-year commitments that may be disbursed in future years.

### **Project Disbursement**

The amount paid to a vendor or entity for goods received, work completed, and/or services rendered (does not include unliquidated obligations).

### **Project Expenditure**

Amount of disbursement made plus unliquidated obligations during the year.

### **Project Financial Closure**

A project or programme is considered financially closed when all financial obligations of an operationally completed project or programme have been settled, and no further financial charges may be incurred.

**Project Operational Closure**

A project or programme is considered operationally closed when all activities for which a Participating Organization is responsible under the approved programmatic document have been completed.

**Project/Programme/Joint Programme Document**

An Annual Work Plan (AWP) or a programme/project document that has been approved by the steering committee for fund allocation purposes.

**Project Start Date**

Date of transfer of first instalment from the MPTF Office to the Participating Organization

**Total Approved Budget**

Amount approved by the Steering Committee

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## **Executive Summary**

### **Introduction**

The Government of Indonesia (GoI) and its development partners signed a Memorandum of Understanding (MoU) on 30 December 2009 agreeing to establish the Indonesian Multi-Donor Fund Facility for Disaster Recovery (IMDFF-DR) as a standing disaster response Facility. The Facility has two separate and clearly defined funding windows: one supported by the United Nations and the other with the World Bank (WB). The UN window is administered by the United Nations Development Programme (UNDP) through its Multi-Partner Trust Fund Office (MPTF Office) acting as the Administrative Agent (AA) on behalf of the Participating Organizations while the WB is the trustee for the WB window. The IMDFF-DR Operational Manual provides detailed procedures for the operations and management of the IMDFF-DR.

A total of 15 Participating Organizations and one Participating Non-UN Organization - the International Office for Migration (IOM) – collectively referred to as Participating Organizations signed the Multi-Donor Trust Fund MOU with the MPTF Office. During the reporting period, the Government of New Zealand became the first donor to sign the Standard Administrative Arrangement (SAA) with the MPTF Office contributing to the operationalization of UN Window of the IMDFF-DR on 27 June 2011.

### **Strategic Framework**

The IMDFF-DR was established as a standing mechanism to help fund implementation of the Government of Indonesia's (GoI) Rehabilitation and Reconstruction Action Plans (RENAKSI) that are formulated following disasters that require International support. RENAKSI are based on the GoI led Post-Disaster Needs Assessments (PDNA) conducted with support from the UN and the WB, and provide the foundation for priority setting for the Facility. The National Disaster Management Agency (BNPB) is the lead GoI Agency responsible for the management of natural disasters.

The Facility maintains two separate and clearly defined funding Windows: one supported by the UN and one with the WB. Donors may contribute to either or both the UN and WB windows, or totally un-earmarked contributions.

### **Project Approval Status**

The IMDFF-DR Steering Committee approved two joint programmes for \$1,000,000 each for a total of \$2,000,000 on 8 February 2012.

### **Challenges and Lessons Learned**

The UN has identified a number of challenges based on experiences during the first round of funding and programming since the establishment of the IMDFF-DR. In response to the challenges, the Technical Secretariat and UN jointly are currently undertaking a review of the UN Window of the IMDFF-DR. The main objective of the review is to identify lessons learned and opportunities to strengthen the process of developing joint UN disaster recovery programmes through the IMDFF-DR. More details are available in Section 5.3.

### **Financial Performance**

During the reporting period, the first contribution of \$2,444,400 was deposited into the UN Window of the IMDFF-DR account on 27 June 2011. This represents 100 per cent of the total commitments made by donors within the reporting period. Of this amount, \$24,444 was charged as the AA fee and \$16,213 was received in

Fund earned interest. No funds were transferred to Participating Organizations and no agency earned interest was reported during the reporting period.

### **Transparency and Accountability**

The MPTF Office provides regular information on the operations of the UN Window of the IMDFF-DR on its GATEWAY page at (<http://mptf.undp.org/factsheet/fund/IDR00>). The MPTF Office GATEWAY is (<http://mptf.undp.org/>) a knowledge platform providing real-time data, with a maximum two-hour delay, on financial information from the MPTF Office accounting system on donor contributions, programme budgets and transfers to Participating Organizations. All narrative reports are posted on the GATEWAY which provides easy access to over 8,000 relevant reports and documents, with tools and tables displaying financial and programme data.

By providing easy access to the growing number of progress reports and related documents uploaded by users in the field, it facilitates knowledge sharing and management among UN Organizations. It is designed to provide transparent, accountable fund-management services to the UN system to enhance its coherence, effectiveness and efficiency. The MPTF Office GATEWAY has been recognized as a 'standard setter' by peers and partners.

# 1 Introduction

Due to its geographical conditions and characteristics, the Republic of Indonesia is highly prone to natural disasters such as earthquake, volcanic eruption, tsunami, landslide, flood and others. Natural disasters are becoming increasingly



frequent, particularly major earthquakes, causing significant loss and damage which undermine the results of development achieved during the past several years.

The Government of Indonesia (GoI) and its development partners signed a Memorandum of Understanding (MoU) on 30 December 2009 agreeing to establish the Indonesian Multi-Donor Fund Facility for Disaster Recovery (IMDFF-DR) as a standing disaster response Facility. The Facility has two separate and clearly defined funding windows: one supported by the United Nations and the other with the World Bank (WB). The UN window is administered by the United Nations Development Programme (UNDP) through its Multi-Partner Trust Fund Office (MPTF Office) acting as the Administrative Agent (AA) on behalf of the Participating Organizations while the WB is the trustee for the WB window. The IMDFF-DR Operational Manual provides detailed procedures for the operations and management of the IMDFF-DR.

A total of 15 Participating UN Organizations and one Participating Non-UN Organization - the International Office for Migration (IOM) – collectively referred to as Participating Organizations signed the Multi-Donor Trust Fund MOU with the MPTF Office as AA. During the reporting period, the Government of New Zealand became the first donor to sign the Standard Administrative Arrangement (SAA) with the MPTF Office contributing to the operationalization of the UN Window of the IMDFF-DR on 27 June 2011.

The IMDFF-DR was established as a standing mechanism to help fund implementation of the GoI's Rehabilitation and Reconstruction Action Plans (RENAKSI) that are formulated following disasters that require international support. RENAKSI are based on GoI led Post-Disaster Needs Assessments (PDNA) conducted with support from the UN and the WB, and provide the foundation for priority setting for the Facility. The National Disaster Management Agency (BNPB) is the lead GoI Agency responsible for the management of natural disasters.

To ensure national ownership, all projects funded by the IMDFF-DR are in support of, and strictly aligned with the GoI's Damage and Loss Assessment (DALA), Early Recovery Plan and RENAKSI or post-disaster Action Plans. The IMDFF-DR is intended to complement government-funded recovery activities, and bring strategic value in developing capacity and promoting sustainability.

The IMDFF-DR design is based on the Jakarta Commitment on Aid for Development Effectiveness agreed by the GoI and its development partners in early 2009 that provides a road map for its commitment to the aid effectiveness principles and commitments contained in the Paris Declaration on Aid Effectiveness. Building on the principles of national ownership, the IMDFF-DR is managed using GoI systems and procedures for decision making and monitoring including adherence to Indonesian regulatory laws related to disaster management and management of external loans and grants. Detailed information pertaining to the IMDFF-DR is contained in the IMDFF-DR Operational Manual.

This Annual Progress Report covers only the UN Window of the IMDFF-DR for the reporting period from 1 January 2011 to 31 December 2011 with informal updates as of 31 March 2012. It provides information and financial data on activities and progress within the UN Window. During the reporting period, the UN Window received its first contribution from the Government of New Zealand for a total of \$2,444,400. Subsequently, the IMDFF-DR Steering Committee approved the two joint programmes for a total of \$2,000,000 during the first quarter 2012.

## **2 Indonesia Multi-Donor Fund Facility for Disaster Recovery Establishment**

The IMDFF-DR is established to mobilize funds and coordinate international aid in order to support the GoI in performing rehabilitation and reconstruction of the regions affected by natural disasters, which the GoI considers critically in need of international support as part of the GoI's RENASKI. The IMDFF-DR was established to fund disaster recovery requiring international support.

### **2.1 Establishment of the IMDFF-DR**

The IMDFF-DR was established on 30 December 2009 as a Facility to support the pooling of international support to enable the UN and WB to support the GoI in achieving its disaster recovery priorities. A total of 15 Participating UN Organizations and one Participating Non-UN Organization - IOM – collectively referred to as Participating Organizations signed the MOU. During the reporting period, the first donor signed the SAA contributing to the UN Window.

### **2.2 Timeframe – Fund Start and End Date**

The IMDFF-DR is designed as a 'standing' Facility to assist the GoI in disaster management; therefore, it does not have an established Fund end date. Rather the GoI will activate and deactivate the IMDFF-DR windows as requested and outlined in the Fund ToR. The IMDFF-DR 'Facility' will terminate when decided by the GoI in consultation with the UN and WB.

The Facility will be activated when the GoI declares that a specific disaster requires international support. The Facility will be deactivated when all projects funded for a specific disaster are completed. Upon activation of the IMDFF-DR by the GoI in response to a specific disaster, the AA functions shall begin. The duration of the AA functions for a specific disaster shall normally not exceed two years. If the IMDFF-DR Steering Committee, in consultation with Resident Coordinator (RC), takes the decision to extend the duration, it shall inform and seek the agreement of the GoI, relevant donors, Participating Organizations and AA.

### **2.3 Resource Allocation**

Donors are encouraged to contribute unearmarked funds; however, allocations of funds from donors to the IMDFF-DR may be earmarked. Donors may allocate their contribution to the UN and/or WB windows in line with the parameter set by the GoI and endorsed by the IMDFF-DR Steering Committee. Donors may also allocate and earmark their contributions for a specific event.

Un-earmarked contributions are allocated into one or both of the windows by the Steering Committee based on the results of the PDNA and DALA, and priorities set out in the GoI's RENAKSI.

### **3 Strategic Framework and Governance Arrangements**

The guiding principles of the IMDFF-DR are twofold (i) national ownership and alignment with Jakarta Commitment and (ii) speed and flexibility in delivering results. The Facility will help fund projects/programs and related activities in support of the Gol's RENAKSI. The proposals to be funded should meet the following criteria:

- Consistent with the Gol's RENAKSI in response to the needs of the citizens of the disaster affected area;
- Enable efficient, speedy and sustainable recovery within the life of the specific event timeline; and
- Comply with the AA's policies and procedures including those for emergency operations.

#### **3.1 Rehabilitation and Reconstruction Action Plans (RENAKSI)**

The Gol's RENAKSI, or Action Plans, are formulated following disasters considered by the Gol as requiring international support. Such RENAKSI or Action Plans are based on Gol's PDNA conducted with support from the UN and the WB, and provide the foundation for priority setting for the Facility.

All projects funded by the Facility support are strictly aligned with the Gol's DALA, Early Recovery Plan and RENAKSI, thus ensuring full national ownership. They complement GOI funded recovery activities and bring strategic value in developing capacity and promoting sustainability.

#### **3.2 Governance Arrangements**

The Facility maintains one Gol-led governance structure and technical review process as outlined below:

##### **3.2.1 Steering Committee**

The IMDFF-DR Steering Committee functions as the highest level decision-making, policy dialogue and coordination entity with streamlined membership and procedures for timely decision-making on urgent needs. The Steering Committee is chaired by the Deputy Minister of Regional Development and Local Autonomy Affairs, BAPPENAS, jointly co-chaired by the Deputy Minister for Development Funding, BAPPENAS and the Deputy for Rehabilitation and Reconstruction, National Disaster Management Agency (BNPB) and includes membership comprising echelon-I officials from the Ministry of Finance and key line ministries.

The UN RC represents the UN as a whole and the Country Director of the WB in Indonesia represents the WB as members of Steering Committee. Donor membership is determined by the Gol, in consultation with prospective donors and taking into account level of donation. Local Government officials and other stakeholders from disaster hit areas participate in Steering Committee meetings as observers as appropriate.

##### **3.2.2 Technical Committee**

The Technical Committee led by the Gol, with flexible design to incorporate inputs from appropriate stakeholders shall support the Facility to ensure projects are aligned with RENAKSI or Government Action Plans, including Government Regulation No. 2/2006 and related aid management policies and regulations. The Technical Committee shall ensure the technical quality of projects and compliance with established criteria.

### **3.2.3 IMDFF-DR Secretariat**

The IMDFF-DR Secretariat is based in Jakarta and established by the Head of the Steering Committee. It has the primary responsibility of supporting the duties and functions of the Steering and Technical Committees, which have the primary responsibility for coordinating the overall operations of the IMDFF-DR.

### **3.2.4 Participating Organizations**

Each Participating Organization signs a standardized MOU with UNDP as the AA for the UNITF-DR of the IMDFF-DR that sets out the duties and responsibilities of each party. Each Participating Organization thereafter assumes full programmatic and financial accountability for the funds disbursed to it by the AA and carries its activities in the approved project proposal in accordance with the regulations, rules, directives and procedures applicable to it, using its standard implementation modalities.

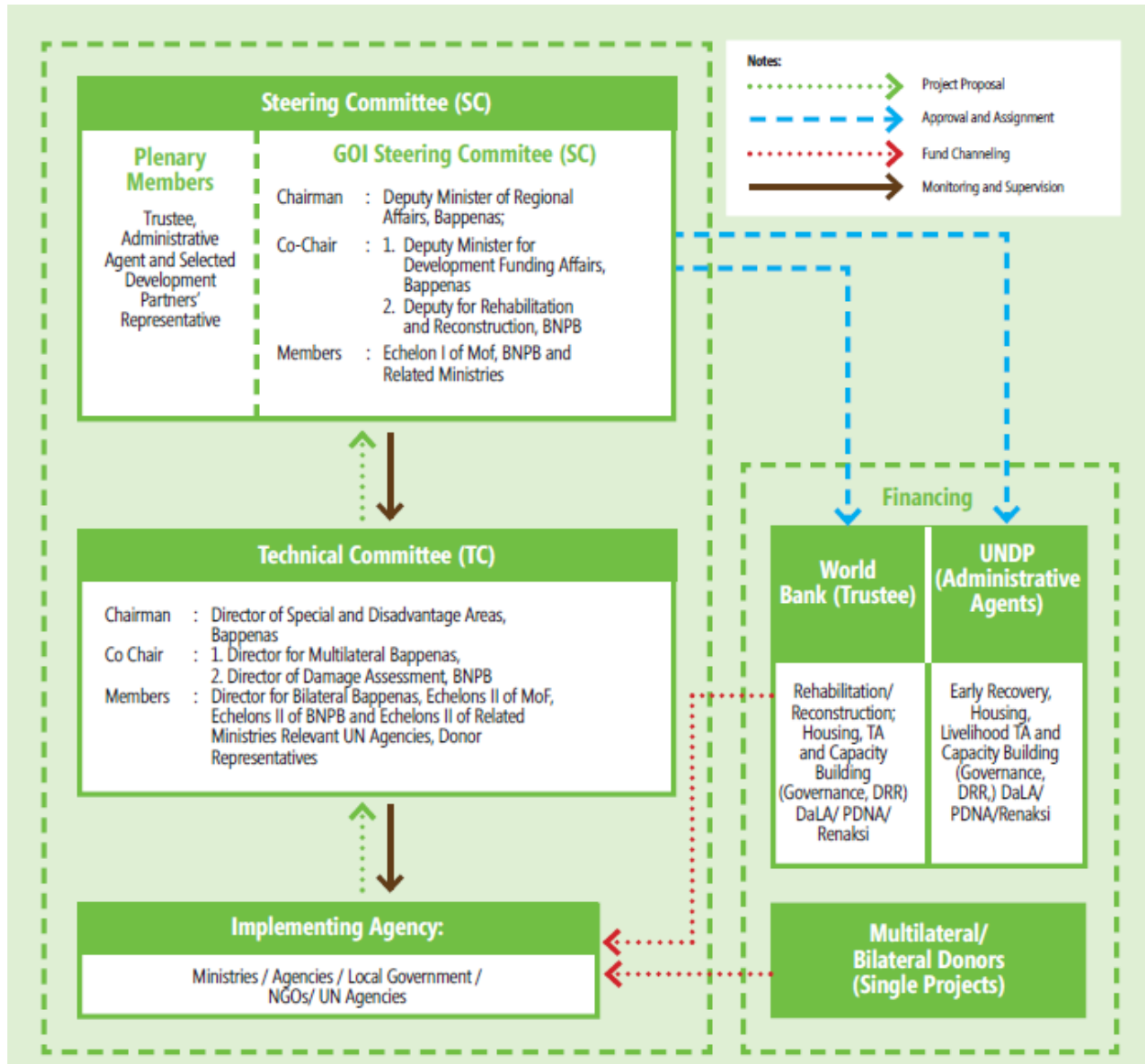
### **3.2.5 Administrative Agent/Multi-Partner Trust Fund Office (MPTF Office)**

The UNDP MPTF Office is the AA for the UN Window. It is responsible for the receipt, administration and management of contributions from Donors; disbursement of funds to the Participating Organizations in accordance with instructions from the Steering Committee, and consolidation of narrative and financial reports produced by each of the Participating Organizations as well as the provision of these reports to the Steering Committee and Donors. The MPTF Office performs the full range of AA functions in accordance with the UNDG-approved "Protocol on the AA for MDTF and JP, and One UN Funds".

In line with the MOU concluded between Participating Organizations and the MPTF Office, a clear delineation, including distinct reporting lines and an accountability framework has been established and is maintained within UNDP between its functions as an AA performed by the MPTF Office and its functions as a Participating Organization performed by UNDP in Indonesia.

Figure 3-1 below demonstrates the governance structure including the programme proposal, approval, funding and monitoring processes as well as communication flow.

Figure 3 -1 IMDF-DR Governance Structure





## 4 Decision Making Process

The purpose of the UN Window of the IMDFF-DR is to ensure (i) national ownership and alignment with Jakarta Commitments and (ii) speed and flexibility in delivering results. The IMDFF-DR will fund projects/programmes and related activities in support of the Government's RENAKSI. The proposals to be funded are required to meet the following criteria:

- Consistent with the Gol's RENAKSI in response to the needs of the citizens of the disaster affected area;
- Enable the efficient, speedy and sustainable recovery and can be completed;
- Comply with the MOU with the AA.

Contributions to the IMDFF-DR are allocated between the two windows within the following focus areas:

- Early Recovery
- Rehabilitation and Reconstruction
- Housing
- Livelihoods
- Technical Assistance and Capacity Building

The emphasis of the UN Window is related to social economic recovery whereas WB window is more on long term reconstruction infrastructure.

The complete decision making process including the development, review, assessment and approval of projects and programmes is outlined in the IMDFF-DR Operational Manual. The following figures outline the stages in the process from the development of the Project/Programme Concept Note (PCN), review by the Technical Committee and approval of the final proposal by the IMDFF-DR Steering Committee.

**Figure 4 -1 Project/Programme Concept Note Submission and Assessment Process**

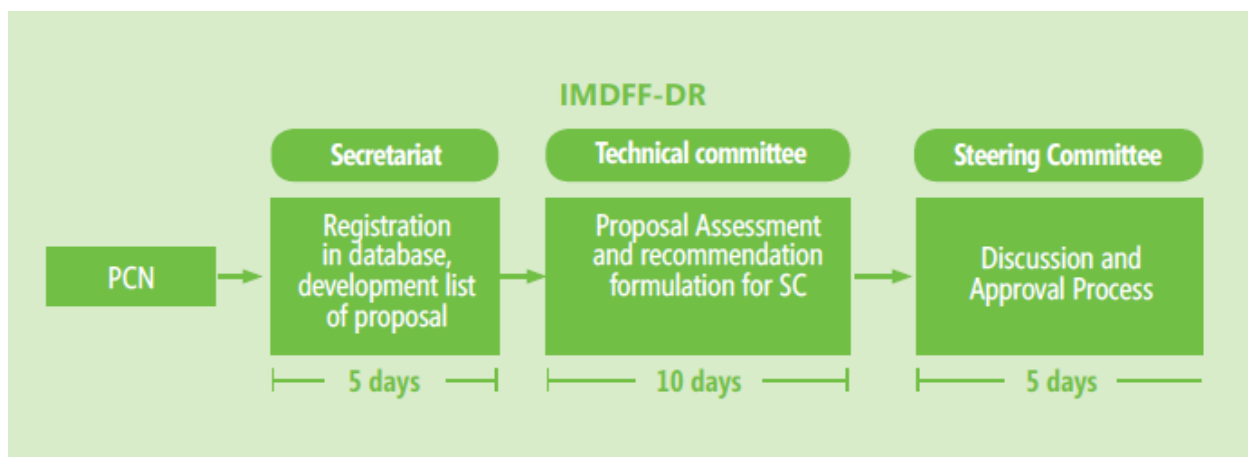
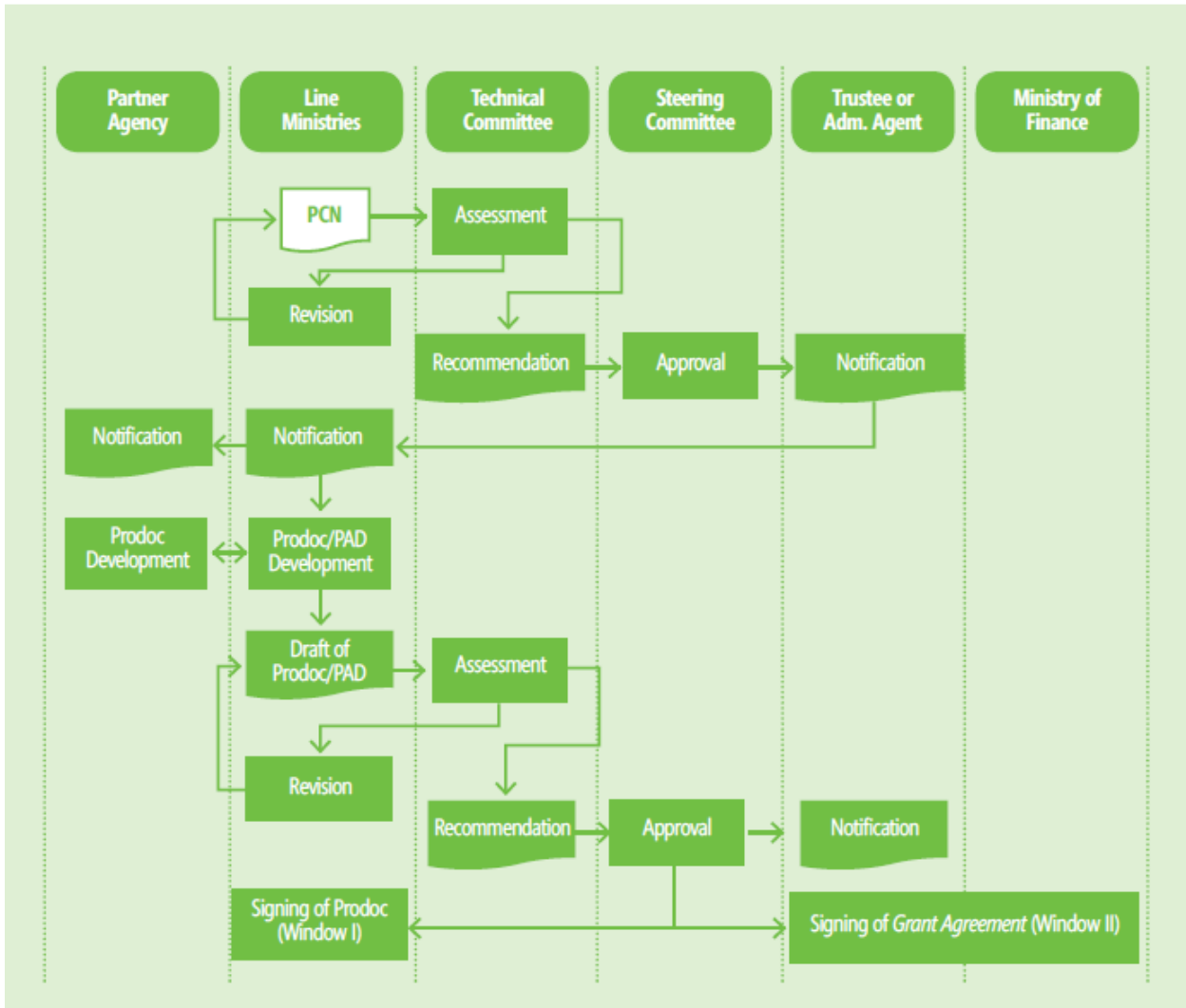


Figure 4 -2 Proposal Submission, Assessment and Approval Process



## 5 Project/Programme Approvals and Achievements

The IMDFF-DR Steering Committee approved two joint programmes on 31 January 2012 and the funds were transferred on the 8 February 2012 for a total of \$2,000,000 million as highlighted in Table 5-1 below.

**Table 5-1 Approved New Projects/Programmes, as of 31 March 2012**

Project Title	Region	Participating Organizations	Net Total Amount Transferred (USD)	Date of Transfer
Livelihoods Recovery Programme	Mentawai Islands	FAO, ILO, UNDP	1,000,000	8 Feb 2012
Livelihoods Recovery Programme	Mount Merapi	FAO, IOM, UNDP	1,000,000	8 Feb 2012
<b>Total</b>			<b>2,000,000</b>	

### 5.1 Programme Achievements

#### 5.1.1 Mentawai Livelihood Recovery Programme

In response to the Mentawai earthquake and tsunami in 2010, the IMDFF-DR Steering Committee approved \$1,000,000 to support a joint programme implemented by FAO, ILO and UNDP. The joint livelihoods recovery programme responds to three major priorities identified by the GoI including:

- Assistance for improving the agriculture value chain, including SME development;
- Assistance for improving food security; and
- Assistance for clean water provision and improved sanitation.



Therefore, the Programme aims to support the recovery of the productive economy among 591 households in Pagai Utara and Pagai Selatan communities affected by the 2010 earthquake and tsunami through supporting recovery of the agriculture and fisheries sectors, facilitating development of the agricultural and fishery value chain, and supporting strategic planning and the provision of basic services, including water and sanitation.

The programme outcome “Improved sustainable livelihoods and strengthened institutional capacity in disaster recovery in areas affected by the 2010 Mentawai earthquake and tsunami” will work toward the achievement of the following outputs and activities:

- Joint Programme Output 1: Agricultural livelihoods restored, improved and diversified, incorporating the value chain approach



The key activities of Output 1 include a complete value chain assessment for the agricultural sector; improved capacity and skills of the impacted communities and local governments as well as improved knowledge of targeted workers and employers' organizations through the provision of training; and, increase agricultural production through the provision of necessary inputs.

**Joint Programme Output 2:** Institutional capacity of local government strengthened to promote livelihoods recovery efforts and encourage provision of basic social and public services.

Through Output 2 technical support and monitoring will be provided to support the effective implementation of the Gol's RENASKI. Output 2 will also facilitate a technical assessment of clean water and sanitation needs, including development of a long-term plan for managing access to clean water.

### 5.1.2 Merapi Volcanic Eruption Livelihood Recovery Programme

In response to the 2010 Merapi volcanic eruption, the IMDFF-DR Steering Committee approved \$1,000,000 to support a joint programme implemented by FAO, IOM and UNDP to support the recovery process in Central Java and Yogyakarta. The joint programme outcome "Improved sustainable livelihoods recovery and enhanced community resilience in areas affected by the 2010 Mt Merapi eruption" will be attained through the delivery of the following activities and outputs.



**JP Output 1:** Sustainable livelihoods recovery and income generation support, incorporating the value chain approach for selected commodities.

The key activities to achieve this output for sustainable livelihoods recovery will include restoring agriculture, strengthening micro- to small-enterprises (MSE), and fostering a value chain approach in the selection of local products for development. Given the limited resources, the focus of the joint programme is to provide a catalytic effect by piloting the strategy and approaches before leveraging them as a model for other regions. The joint programme will employ a participatory approach by directly engaging the impacted communities.

**JP Output 2:** Enhanced community resilience and strengthened linkages between communities and relevant stakeholders

To support output two, Disaster Risk Reduction (DRR) principles will be mainstreamed within the livelihoods recovery aspects of the programme to ensure that the impacted communities as well as other stakeholders are mindful of the potential risks associated with Merapi related hazard and thereby adopt relevant strategies to reduce future risks through livelihoods activities. This will be complemented by special support provided to impacted communities, the local DRR forum, and local government to ensure the common understanding on DRR and relevant implementation strategies.

**Joint Programme Output 3:** Strengthened capacity of local government to manage and coordinate DRR-based recovery programmes and mainstream DRR with involvement of all stakeholders.

The joint programme output will support strengthening the capacity of Local Government stakeholders to coordinate and manage recovery, rehabilitation and reconstruction processes beyond the IMDFF-DR programme and in anticipation of the full implementation of the RENAKSI. This will be achieved through capacity building and technical advice as required.

## 5.2 Overall Achievements and Challenges

### Achievements

The primary achievement in 2011 was the operationalization of the UN Window with the receipt of the first contribution of \$2,444,410 million. The contribution from New Zealand contribution is seen as an important catalyst to enable the UN to demonstrate its capacity to deliver tangible, disaster recovery support and encourage other donors and contributors to support the UN's work in the Indonesia through this mechanism.

### Challenges

The IMDFF-DR was established to mobilize funds and coordinate international aid in order to support the GoI in performing rehabilitation and reconstruction of the regions affected by natural disasters. Given it is still a relatively new mechanism, often funds contributed to support disaster recovery have been received bi-laterally thereby bypassing the IMDFF-DR, which creates parallel systems and fragments coordination around discrete events. The challenge remains to raise adequate awareness within the GoI and among both traditional and nontraditional donors that the IMDFF-DR has been established to mobilize international support in the area of disaster recovery to complement GoI funded recovery activities.

In addition to resource mobilization challenges, there were a number of procedural and strategic challenges that have been identified, and are highlighted below, since the IMDFF-DR was established and based on experiences during the first round of funding. Some of the challenges are highlighted below and currently under review by the Technical Secretariat and UN jointly to identify opportunities for improving the efficiency and responsive of the IMDFF-DR and the UN's interventions.

- **Understanding the needs (demand-side):** The identification of priority needs was based on stated gaps within the RENAKSI for the Merapi Volcano and Mentawai Tsunami, which followed the procedures outlined in the IMDFF-DR Operational Manual. The priorities were presented in August 2011 as a list of generic issues, for which international assistance was required, without identifying more strategic and specific areas where the UN could support the GoI in disaster recovery. As a result, the call for PCNs by the UN RC was made without any clear and strategic guidelines to which the Participating Organizations would respond. The result was the development and submission of many individual PCNs covering a broad range of issues.
- **Drawing on available capacities (supply-side):** Following the receipt of New Zealand's contribution to the UN Window, an initial call for PCN's was made by the UN RC to all Participating Organizations. A total of 13 PCNs were received. Of the 13 PCNs received only two were joint programmes. As a result, there was some overlap in the areas of coverage mainly in the areas of livelihoods and disaster risk reduction. The IMDFF-DR Secretariat (and the Technical Committee) was given the responsibility for

assessing the respective capacities of the Participating Organizations and determine which Participating Organizations were eligible to receive the initial funding.

- **Formulating and approving the joint programmes (process):** The formulation and approval processes took over four months starting from the call for proposals, submission of PCNs to the submission of finalized joint programme documents. One reason for this is that the Steering Committee requested a re-submission of PCNs after the first round, calling for a) a more programmatic approach and b) joint programmes (one for each disaster). The process clearly needs to become more time-effective so that disaster recovery programmes can be identified and formulated in a shorter time-frame.
- **Defining what the Fund can do (scope):** The IMDFF-DR provides an opportunity for the GoI to leverage the capacity of UN Participating Organizations under the UN Window to undertake effective disaster recovery work following major disaster events. However, the UN Window can only be fully applied once a RENAKSI has been established and this may be rather constraining in terms of applying UN capacity. Furthermore, the emphasis of a RENAKSI on medium to longer term recovery and reconstruction (termed as rehabilitation and reconstruction) does not provide sufficient space for recovery processes that need to start in a humanitarian setting (i.e. 'early recovery'), where the UN's capacity is relatively strong.

### 5.3 Way forward

In response to the challenges raised above, the Technical Secretariat and UN jointly are currently undertaking a review of the UN Window of the IMDFF-DR. The main objective of the review is to identify lessons learned and opportunities to strengthen the process of developing joint UN disaster recovery programmes through the IMDFF-DR. This is based on experiences during the first round of funding and programming, and in particular will focus on the following:

- Positioning of IMDFF-DR within the context of Recovery work in Indonesia
- Mechanisms for joint programming within the UN window
- The institutional architecture for managing the IMDFF-DR (both within Government and UN)
- Approach taken for developing disaster recovery programmes
- Strategies and scope of the Facility.

The findings and recommendations from this review will be presented to the IMDFF-DR Technical Committee for validation purposes, whilst any proposed changes to the functioning of the IMDFF-DR will be submitted to the Steering Committee for endorsement. Initial analysis of the findings from the review has led to the following key strategic recommendations for the further enhancement of the Facility, which will be proposed at the upcoming June 2012 IMDFF-DR Steering Committee meeting for formal endorsement:

1. **Programmatic approach:** the process of identifying and developing joint programmes should take a more 'programmatic approach'. This involves a clearer focus on established disaster recovery needs and an adequate matching of capacities within the UN system to address these needs i.e. demand meeting supply-side aspects. This can be facilitated by an ex-ante capacity mapping of UN agencies in terms of their respective strengths in each core area of recovery work.

2. **Greater agility in the process of programme formulation:** the current mechanism was based on an ‘open-bidding’ system and relied on an intensive process of reviewing a number of proposals by the Secretariat. The proposed new approach is to apply already established mechanisms within the UN system to take a joint-programming approach. These mechanisms can provide the foundations for disaster recovery programming by focusing on: i) establishing the priority recovery needs; ii) determining the most effective capacities to address these needs; and iii) defining strategies for the UN to add value to the Government’s own initiatives on recovery, rehabilitation and reconstruction.
3. **Broadening the scope:** more effective use of UN’s capacity in the area of disaster recovery can be achieved if the scope of the IMDFF-DR is broadened. This can happen in two ways: i) by allowing programming through the UN window before the Government’s Rehabilitation and Reconstruction Plan is established; and ii) providing space for disaster recovery preparedness work to take place before the next disaster.

The outcome of the review will be reported upon in the second Annual IMDFF-DR report and support relevant changes in the procedures and strategic interventions of the UN Window of the IMDFF-DR going forward in 2012.

## 6 Financial Performance

### 6.1 Financial Overview

Table 6-1 Financial Overview, as of 31 December 2011

	Current Year (2011)	TOTAL
<b>Sources of Funds</b>		
Gross Donor Contributions	2,444,400	<b>2,444,400</b>
Fund Earned Interest Income	16,213	<b>16,213</b>
Interest Income Received from Participating Orgs	-	-
Refunds by Administrative Agent (Interest/Others)	-	-
Other Revenue	-	-
<b>Total - Sources of Funds</b>	<b>2,460,613</b>	<b>2,460,613</b>
<b>Uses of Funds</b>		
Transfers to Participating Organizations	-	-
Refunds Received from Participating Organizations	-	-
<b>Net Funded Amount to Participating Organizations</b>	<b>-</b>	<b>-</b>
Administrative Agent Fees	24,444	24,444
Direct Costs (Steering Committees etc.)	-	-
Bank Charges	110	110
Other Expenditures	-	-
<b>Total - Uses of Funds</b>	<b>24,554</b>	<b>24,554</b>
<b>Balance of Funds Available with Administrative Agent</b>	<b>2,436,059</b>	<b>2,436,059</b>
Net Funded Amount to Participating Organizations	-	-
Participating Organizations' Expenditure	-	-
<b>Balance of Funds with Participating Organizations</b>	<b>-</b>	<b>-</b>

Table 6.1 provides an overview of the UNITF-DR financial portfolio by providing the source, use and balance of funds.

During the reporting period (1 January to 31 December 2011) the first contribution of \$2,444,400 was deposited on 27 June 2011 into the UN Window. This represents 100 per cent of the total commitments made by donors within the reporting period. Of this amount, \$24,444 was charged as the AA fee; \$16,213 was received in Fund earned interest.

There were no funds transferred to Participating Organizations and no agency earned interest during the reporting period.



## 6.2 Donor Contributions

The first contribution to the UNITF-DR during the reporting period was received from the Government of New Zealand on 27 June 2011 for a total of \$2,444,400 as highlighted in Table 6.2 below. There were no additional contributions as of 31 December 2011.

**Table 6-2 Total Donor Deposits, as of 31 December 2011**

<b>Donor</b>	<b>Current Year (2011)</b>	<b>TOTAL</b>
Government of New Zealand	2,444,400	2,444,400
<b>Total</b>	<b>2,444,400</b>	<b>2,444,400</b>

## 6.3 Earned Interest

**Table 6-3 Received Interest (Agency and Fund), as of 31 December 2011**

	<b>Current Year (2011)</b>	<b>TOTAL</b>
Fund Earned Interest (Administrative Agent)	16,213	16,213
<b>Total - Fund Earned Interest</b>	<b>16,213</b>	<b>16,213</b>
<b>Total - Interest Income Received from PO</b>	<b>-</b>	<b>-</b>
<b>Total Interest Earned</b>	<b>16,213</b>	<b>16,213</b>

Interest earned in the UN Window from donor contributions is reported from two sources. Fund-earned interest is the interest earned by the MPTF Office as the AA on the balance of funds remaining in UN Window bank account (maintained by UNDP/Treasury). Agency-earned interest is the amount earned by Participating Organizations on the undisbursed balance of funding that has been transferred from the UN Window to the Participating Organization(s) for project implementation.

Interest accrues at the Fund level until the IMDFF-DR Steering Committee approve a project or joint programme, at which time the approved funds are transferred to the Participating Organization(s).

As of 31 December 2011, the cumulative total of Fund-earned interest income amounted to \$16,213. There were no transfers to Participating Organizations in 2011. Therefore, there was no Agency level earned interest reported in 2011.

## 6.4 Transfer and Balance of Funds

There were no transfers to Participating Organizations during the reporting period. During the first quarter 2012, the IMDFF-DR Steering Committee approved two joint programmes for \$1,000,000 each for a total of \$2,000,000. The distribution of approved funding is summarized in Table 6-4 below.

**Table 6-4 Net Funded Amount by Participating Organization, as of 31 March 2012**

Participating Organization	Net Funded Amount	
	Current Year (2011)	TOTAL
FAO	686,660	686,660
ILO	320,000	320,000
IOM	329,662	329,662
UNDP	663,678	663,678
<b>Total</b>	<b>2,000,000</b>	<b>2,000,000</b>

As of 31 March 2012, based on the Steering Committee approvals made on the 31 January 2011, a total of \$1,000,000 was transferred in support of disaster recovery activities in Mentawai Islands and an additional \$1,000,000 to support disaster recovery in Mount Merapi on the 3 February 2012, as highlighted in Table 6-5 below.

**Table 6-5 Net Funded Amounts by Event, as of 31 March 2012**

Event	Net Funded Amount	
	Current Year (2011)	TOTAL
Mentawai Islands	1,000,000	1,000,000
Mount Merapi	1,000,000	1,000,000
<b>Total</b>	<b>2,000,000</b>	<b>2,000,000</b>

#### **6.4.1 Balance of Funds Available**

A balance of \$436,059 remains with the AA as of 31 March 2012. Until such time that the MPTF Office is instructed by the Steering Committee to release funding, it will be reflected in balance of funds with the AA.

#### **6.5 Expenditure Reported by Participating Organizations**

There was no expenditure reported during the reporting period. The first transfers from the UNITF-DR Fund account were on 8 February 2012; therefore, expenditure reporting will begin following the second quarter 2012.

#### **6.6 Cost Recovery**

The cost recovery for UN Window is guided by the MOU. For the period from 1 January to 31 December 2011, the actual costs were as follows:

- 1) The MPTF Office AA fee of approximately \$24,444 (one percent of total funds deposited) was charged upon receipt of the donor deposit. The AA fee, as a one-time fee, funds the required full range of AA responsibilities throughout the duration of the UNITF-DR.
- 2) Indirect support costs of Participating Organizations were not incurred during the reporting period.

- 3) Direct costs cover the estimated costs of the UNITF-DR. There were no approved or reported direct cost expenditure in 2011.

## **6.7 Transparency and Accountability**

The MPTF Office provides regular information on the operations of the UN Window of the IMDFF-DR on its GATEWAY page at (<http://mptf.undp.org/factsheet/fund/IDR00>). The MPTF Office GATEWAY (<http://mptf.undp.org/>) is a knowledge platform providing real-time data, with a maximum two-hour delay, on financial information from the MPTF Office accounting system on donor contributions, programme budgets and transfers to Participating Organizations. All narrative reports are posted on the GATEWAY which provides easy access to over 8,000 relevant reports and documents, with tools and tables displaying financial and programme data.

By providing easy access to the growing number of progress reports and related documents uploaded by users in the field, it facilitates knowledge sharing and management among UN Organizations. It is designed to provide transparent, accountable fund-management services to the UN system to enhance its coherence, effectiveness and efficiency. The MPTF Office GATEWAY has been recognized as a 'standard setter' by peers and partners.

