



Public Financial Management and Revenue Administration Reform Program (P152551)

EAST ASIA AND PACIFIC | Indonesia | Governance Global Practice |
 Recipient Executed Activities | Investment Project Financing | FY 2016 | Seq No: 1 | ARCHIVED on 23-Feb-2018 | ISR25250 |

Implementing Agencies: Ministry of Finance (Indonesia), Ministry of Finance, Directorate General of Taxes

Key Dates

Key Project Dates

Bank Approval Date:01-Mar-2016

Effectiveness Date:21-Mar-2016

Original Closing Date:28-Feb-2018

Revised Closing Date:28-Feb-2018

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

To improve the capacity of the Ministry of Finance to undertake more efficient, timely, and transparent public financial management

Has the Project Development Objective been changed since Board Approval of the Project Objective?

No

Components

Name

Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	--	● Moderately Satisfactory
Overall Implementation Progress (IP)	--	● Moderately Satisfactory

Implementation Status and Key Decisions

- Overall project performance is satisfactory. Most of the planned activities were completed except for Part 4 on Budget Execution and Reporting. US\$2,545,627 of the total US\$2.7 million of the grant amount has been allocated to activities. As of December 31, 2017, US\$1,351,355 was disbursed and US\$215,787 was committed. The entire grant amount is expected to be fully disbursed by the first quarter of FY19.
- Key activities are either completed or in progress, including training packages that are considered to be strategic. Outputs, including reports from training activities, M&E reports from the PSSU, and mini policy papers such as those from spending reviews were produced and submitted to the Bank.



3. To date, the government has made satisfactory progress towards the PDO and intermediate results indicators, especially those on budget execution and reporting. As shown in the 2017 PEFA Assessment for Indonesia, the government has reduced the lapsed time in financial reporting on public expenditures after the fiscal year from 2 months to 2 weeks. Another achievement is reflected in indicator number 3 on sub-national government data. The policy dialogues and engagement with DG Fiscal Balance has contributed to improved sub-national fiscal data systems and overall subnational financial information system.

4. It is expected that the project may support targeted capacity building activities on PER to be implemented directly by the MOF.

5. With minimal spending in CY2016, there was a waiver for Audit Report for CF2016. Audit Report for CY2017 will include expenditure for CY2016. The 2017 Audit Report is due on June 30, 2018.

Risks

Overall Risk Rating

Risk Category	Rating at Approval	Previous Rating	Current Rating
Overall	--	--	● Moderate

Comments

The task team is in the process of extending the closing date of the project from February 28, 2018 to February 28, 2019. There are two major activities that will be implemented during the proposed extension period: (i) consultancy to develop the PFM reform roadmap, and (ii) consultancy to enhance the budget preparation and Oracle EBS applications to optimize the effectiveness of the SPAN investment to ensure system sustainability. These two activities together play a strategic role in enhancing PFM reform within MOF and sustaining the effectiveness of SPAN. The implementation of these activities will require timely completion of the procurement processes. The task team will monitor these two activities closely and lend support as needed.

Results

Project Development Objective Indicators

►Reduction in the time lapsed of financial reporting on public expenditures after the fiscal year. (Months, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	2.00	--	0.50	0.50
Date	30-Nov-2015	--	31-Jan-2018	31-Oct-2018

Comments

A recently completed PEFA Assessment suggested that the budget realization is now produced every two weeks after the end of every month.



►Percentage of trained SPAN users staff able to fully understand the conceptual framework of accrual accounting and to use the system in producing the accrual based accounting system at minimum require (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	40.00	--	100.00	100.00
Date	30-Nov-2015	--	31-Dec-2017	31-Oct-2018

Comments

All SPAN users have been trained to use the SPAN, a system built to support the implementation of accrual accounting and to produce the government financial statements (LKPP).

►Improved the quality of sub-national governments data that is available in digitalized format. (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	400.00	500.00
Date	30-Nov-2015	--	31-Dec-2017	31-Oct-2018

Comments

This indicator measures the number of sub-national governments with the ability to submit expenditure information in digitalized format to facilitate data analysis. This ISR only reports the progress made by the government. The task team has provided advisory services, and DG Fiscal Balance continues to provide support to sub-national governments to improve sub-national data quality.

►Number of trained MOF staff passed the minimum requirement to manage Data Center and Recovery Data Center under ICT integration agenda as part of the MOF's overall institutional transformation. (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	20.00	--	30.00	80.00



Date	30-Nov-2015	--	--	31-Oct-2018
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►Number of trained staff in forensic investigation unit able to use forensic methods and tools to investigate tax criminal cases (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	15.00	30.00
Date	30-Nov-2015	--	29-Dec-2017	31-Oct-2018

Overall Comments

This is the first ISR covering the first half of the project implementation period. Implementation was slow at the beginning. The project gained traction in the second semester of 2017. Most activities are completed at the time of this ISR producing satisfactory results in some areas. One notable achievement was on the “number of trained MOF staff passed the minimum requirement to manage DC and RDC under ICT integration agenda as part of the MOF’s overall institutional transformation” is not yet achieved because of ongoing TA. The MOF’s ICT Center (Pusintek) has recently informed the task team that they would need additional support. With ongoing activities, full impact of this project cannot be assessed at this stage.

Improvements in some areas remain to ensure satisfactory achievement of PDO at project closing date. A full assessment is scheduled to take place in March 2018 to inform the management and stakeholders on the results and effectiveness of the project. This assessment will inform the project extension process.

It should be highlighted that this project does not include Part 7 of the parent PFM MDTF on improving subnational PFM. Given the importance of SIKD, the task team continues to provide support in this area. This ISR reports progress made by the government.

Intermediate Results Indicators

►Major capacity building activities are successfully completed as planned (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	75.00	100.00
Date	01-Feb-2016	--	31-Dec-2017	31-Oct-2018

Overall Comments



Capacity building activities under this project focus on areas to improve budget planning and tax administration. In 2016-2017, the management committee approved major training activities for Bappenas, DG Budget, MOF's electronic procurement unit (LPSE) and DG Tax. These training activities were to support staff to perform effectively in their respective functional areas. Most of these trainings are completed, which included training for staff to perform budget analytical work, supporting tax modernization functions. On revenue administration, 44 participated in 6 training sessions. On procurement, around 60 MOF procurement staff attended the knowledge training sessions that were organized by the Central Unit of MOF Procurement Unit.

Data on Financial Performance

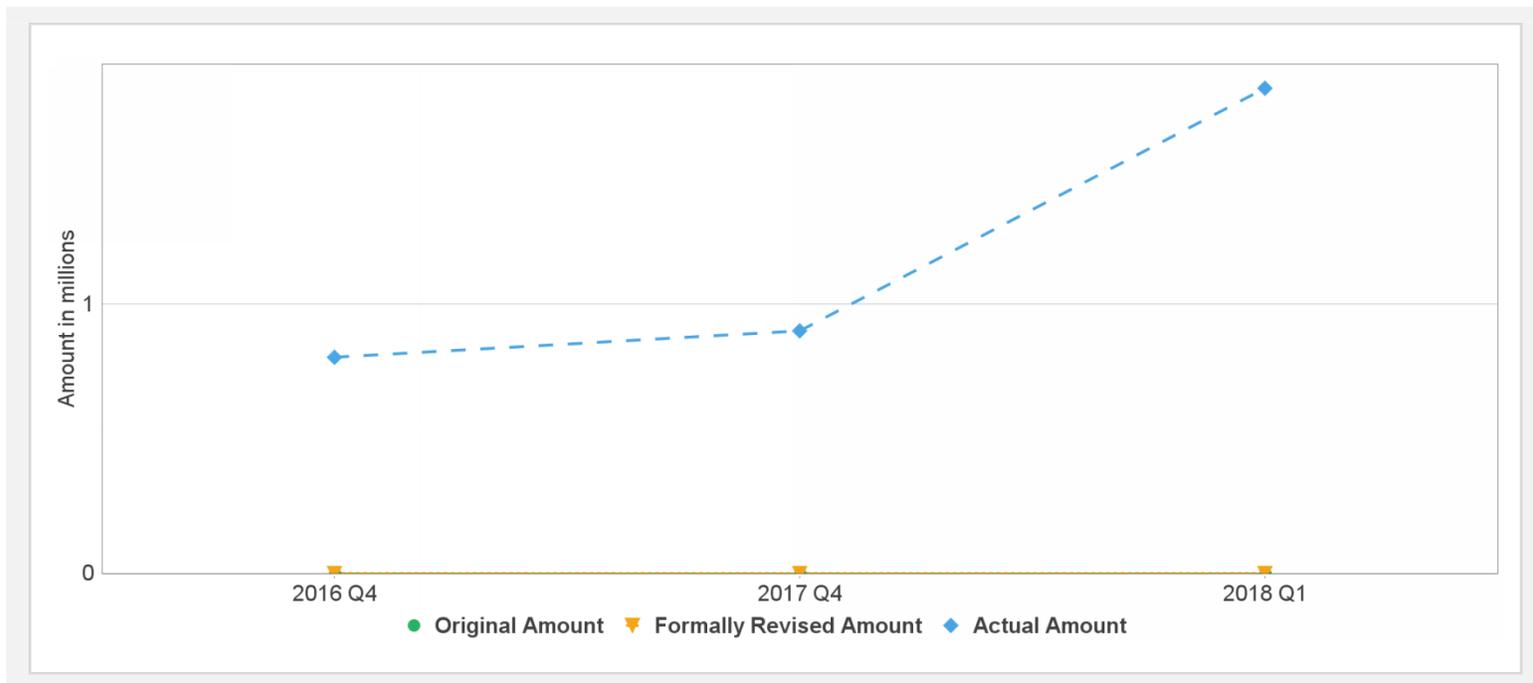
Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	Disbursed
P152551	TF-A1903	Effective	USD	2.70	2.70	0.00	1.80	0.90	67%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P152551	TF-A1903	Effective	01-Mar-2016	21-Mar-2016	21-Mar-2016	28-Feb-2018	28-Feb-2018

Cumulative Disbursements



Restructuring History



There has been no restructuring to date.

Related Project(s)

There are no related projects.
