



Local Government and Decentralization Project (P111577)

EAST ASIA AND PACIFIC | Indonesia | Social, Urban, Rural and Resilience Global Practice Global Practice | IBRD/IDA | Specific Investment Loan | FY 2010 | Seq No: 9 | ARCHIVED on 16-Oct-2016 | ISR24520 |

Implementing Agencies: Ministry of Public Works, Secretariat General, BPKP, Ministry of Finance, Bappenas

Key Dates

Key Project Dates

Bank Approval Date:08-Jun-2010

Effectiveness Date:20-Jan-2011

Planned Mid Term Review Date:31-Dec-2012

Actual Mid-Term Review Date:03-Jun-2013

Original Closing Date:30-Jun-2014

Revised Closing Date:31-Dec-2018

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The objective of the project is to improve the accountability and reporting of the central government's Specific Purpose Grants(DAK) for the infrastructure sub-sectors within pilot local governments (LGs). This will be done through improved financial and technical reporting, and verification of outputs delivered by LGs with the DAK grants.

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

Yes

Board Approved Revised Project Development Objective (If project is formally restructured)

The objective of the Project is to improve the accountability and reporting of the central government's Specific Purpose Grants(DAK) for basic infrastructure, consisting of roads, irrigation, water and sanitation, within Selected Local Governments.

Components

Name

DAK Reimbursement:(Cost \$720.00 M)

Institutional Support Program:(Cost \$18.50 M)

Verification of Outputs:(Cost \$14.50 M)

Overall Ratings

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



Implementation Status and Key Decisions

Progress towards achievement of the PDO is downgraded from Satisfactory to Moderately Satisfactory. The reporting and accountability of Specific Purpose Grants (*Dana Alokasi Khusus* – DAK) in the infrastructure sub-sectors has improved markedly in participating local governments across Indonesia, as measured by the PDO-level indicators. Prior to this project, the central government had limited information on the how effectively local governments were spending the DAK transfers. Through this project, a web-based reporting system (WBRS) for local governments has been established and is being used extensively by participating local governments. Physical outputs by local governments continue to be effectively and efficiently verified by the Government's Internal Auditor (*Badan Pengawasan Keuangan dan Pembangunan* – BPKP). Both the WBRS and BPKP's verification are highly effective and relevant means by which the central government ensures adequate reporting and accountability of infrastructure DAK. However, substantial risks have arisen with regard to stakeholder support for continued implementation of the original design of the Project, as well as an additional moderate risk in relation to the technical design of the Project given ongoing changes in the government's DAK policy. These risks include budgetary support at the national level and project management capacity issues which may have a deleterious effect on implementation in the coming period.

Risks

Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	--	● Moderate	● Moderate
Macroeconomic	--	● Moderate	● Moderate
Sector Strategies and Policies	--	● Moderate	● Moderate
Technical Design of Project or Program	--	● Low	● Moderate
Institutional Capacity for Implementation and Sustainability	--	● Substantial	● Substantial
Fiduciary	--	● Substantial	● Substantial
Environment and Social	--	● Moderate	● Moderate
Stakeholders	--	● Moderate	● Substantial
Other	--	● Low	● Low
Overall	--	● Moderate	● Substantial

Results



Project Development Objective Indicators

► % DAK reports submitted online through Web-Based Reporting System (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	80.00	70.00	91.00	80.00
Date	31-Jul-2014	15-Feb-2016	06-Apr-2016	31-Dec-2018

Comments

As of October, 2016, 208 out of 209 participating LGs have used WBRS to submit the DAK Infrastructure reports. The use of WBRS to report the implementation of DAK has exceeded the 2016 target by 21%.

► % of physical outputs reported, verified, and meeting eligibility criteria (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	87.00	80.00	85.00	88.00
Date	31-Jul-2014	15-Feb-2016	31-May-2016	31-Dec-2017

Comments

BPKP's 2016 verification showed that, by value, 85% of total DAK infrastructure allocation in 2016 was verifiable. This achievement exceeds the 2016 target by 1%.

Overall Comments

Intermediate Results Indicators

► Percentage of LGs that receive DAK payment 1 from MoF by March 31. (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	54.30	66.00	16.50	60.00
Date	30-Jun-2010	15-Feb-2016	31-May-2016	31-Dec-2018

Comments

44 of 267 participating Local Governments had received DAK Payment 1 from MOF by March 31. The significant decrease (compared to the last year achievement) is due to delayed submission on the DAK 2015 financial reconciliation report from LGs to MOF. MOF then suspended the disbursement of the DAK first tranche until they receive the reconciliation report.



This achievement is 23.5% less than what has been targeted for 2016.

► Supplement of MPW Technical Guidelines on Safeguard issued by MPW Ministerial Circular letter (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	The original MPW Technical Guidelines do not include Safeguards issues.	Issued	Issued	Issuance of the MPW Supplement Technical Guidelines, include Safeguards.
Date	30-Jun-2010	27-Jan-2015	27-Jan-2015	30-Jun-2014

► MoF produce annual M&E reports for the project, mid-term evaluation report and final evaluation report (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	N/A	The PIU submitted the 2014 M&E report along with the submission of IFR for Q4 2014 on Feb 5, 2015. The IFR for Q1 2015 was submitted on June 25, 2015	PIU has not submitted the 2015 M&E report as well as the IFR for Q1 and Q2 2016	Annual and quarterly project report and IFRs, Annual M&E, Mid-Term Evaluation, and Final Evaluation Reports are submitted on time.
Date	30-Jun-2010	26-Jun-2015	09-Aug-2016	31-Dec-2018



► % of contracts with work completed with documented physical handover by December 31 (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	96.70	99.00	80.00
Date	30-Jun-2010	27-Apr-2015	31-May-2016	31-Dec-2015

Comments

Data resource: BPKP 2016 Verification of Outputs. This achievement exceeds the 2016 target by 29%.

► Contracts with quality of outputs delivered according to contract by December 31 (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	34.00	29.00	45.00
Date	30-Jun-2010	27-Apr-2015	27-Apr-2015	31-Dec-2018

Comments

% of eligible contracts compared to verifiable contract population.

This achievement is 6% less than what has been targeted for 2016.

► Maintain an issued Supplement of the MPW's Technical Guidelines on Environmental and Safeguards through MPW Circular Letter applicable to all Selected Local Governments in each FY (Date, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	20-Dec-2010	27-Jan-2015	27-Jan-2015	30-Jan-2015
Date	20-Dec-2010	27-Jan-2015	27-Jan-2015	31-Dec-2018



▶ % of LGs with functioning procurement unit (ULP) (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	73.00	73.00	99.00	80.00
Date	31-Jul-2014	15-Feb-2016	31-May-2016	31-Dec-2018

Comments

This achievement exceeds the 2016 target by 27%.

▶ BPKP submits to PIU a quantitative and qualitative Verification Report consistent with the TORs for the same as specified in the Verification Arrangement by May 31 (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	N	Y	Y	Y
Date	02-Sep-2014	23-Jun-2015	31-May-2016	31-Dec-2018



▶ Issuance by BPKP of Verification Manual and socialization of BPKP regional representatives by February 28 of each FY (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	N	Y	Y	Y
Date	02-Sep-2014	30-Apr-2015	29-Jan-2016	31-Dec-2018

Overall Comments

Data on Financial Performance

Disbursements (by loan)

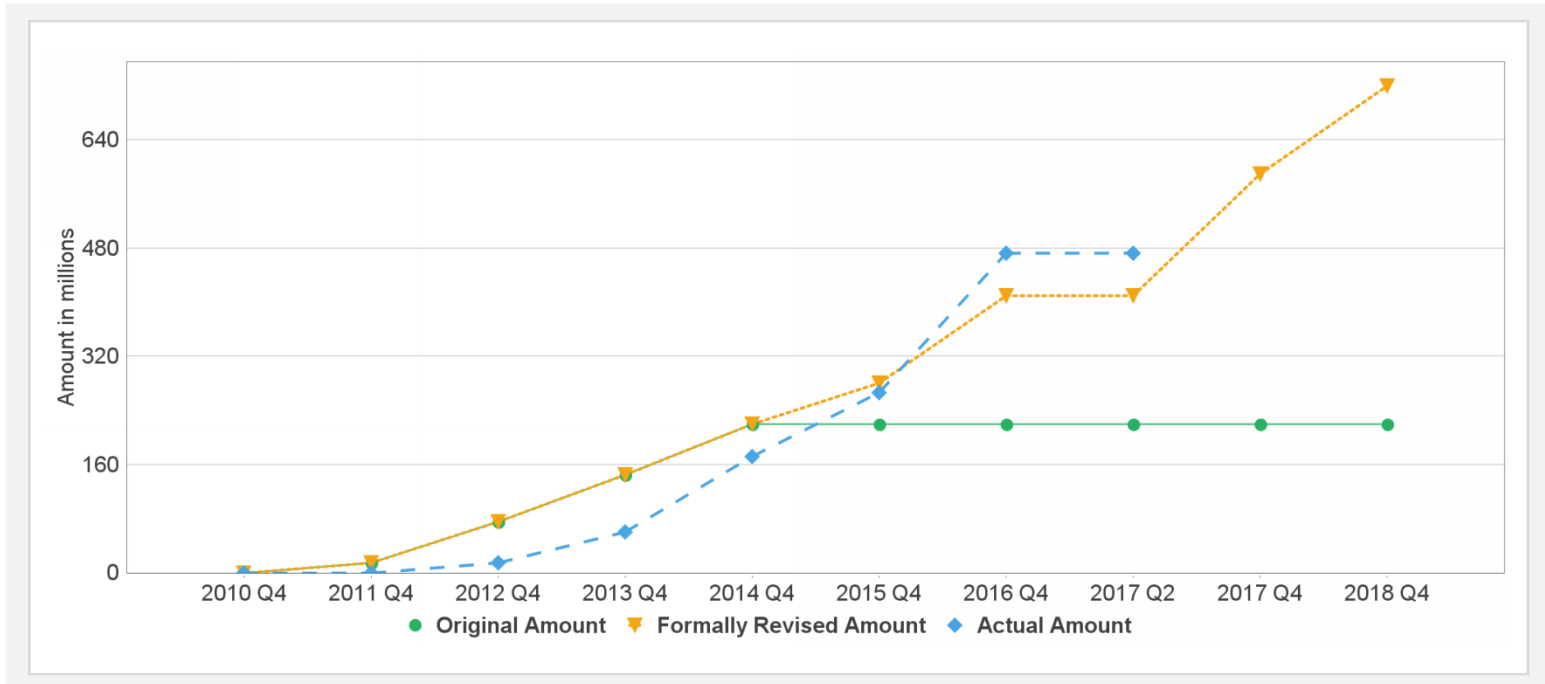
Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	Disbursed
P111577	IBRD-79140	Closed	USD	220.00	219.77	0.23	219.77	0.00	 100%
P111577	IBRD-84380	Effective	USD	500.00	500.00	0.00	252.54	247.46	 51%



Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P111577	IBRD-79140	Closed	08-Jun-2010	23-Jun-2010	20-Jan-2011	30-Jun-2014	31-Dec-2015
P111577	IBRD-84380	Effective	30-Sep-2014	27-Nov-2014	02-Feb-2015	31-Dec-2018	31-Dec-2018

Cumulative Disbursements



Restructuring History

Level Approved on 01-Apr-2013 ,Level 2 Approved on 14-Apr-2014 ,Level 2 Approved on 08-Feb-2016

Related Project(s)

P123940-AF to the Local Government and Decentralization Project /LGDP Phase II