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REPORT NO.: RES29506

DOCUMENT OF THE WORLD BANK

RESTRUCTURING PAPER

ON A

PROPOSED PROJECT RESTRUCTURING

OF

ID-TF HEALTHY AND BRIGHT GENERATION (GENERASI)

APPROVED ON JUNE 24, 2013

TO

FISCAL POLICY OFFICE, MINISTRY OF FINANCE

Public Disclosure Authorized

SOCIAL, URBAN, RURAL AND RESILIENCE GLOBAL PRACTICE

EAST ASIA AND PACIFIC

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I. BASIC DATA

Product Information

Project ID	Financing Instrument
P132585	Technical Assistance Loan
Original EA Category	**Current EA Category**
Partial Assessment (B)	Partial Assessment (B)
Approval Date	**Current Closing Date**
24-Jun-2013	31-Dec-2017

Organizations

Borrower	Responsible Agency
Fiscal Policy Office, Ministry of Finance	Ministry of Village, Disadvantaged Areas and Transmigration

Project Development Objective (PDO)

Original PDO

The PDO is to empower local communities in poor, rural sub-districts in the project provinces to increase utilization of healthandeducation services and foster accountability in local service delivery.

Current PDO

The new PDO is to empower local communities in poor, rural sub-districts in the project provinces to increase utilization of healthand education services.

Summary Status of Financing

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
TF-14769	25-Jun-2013	25-Jun-2013	25-Jun-2013	31-Dec-2017	121.77	114.15	7.62

Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No

II. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES

Project Status

PDO Progress. Progress towards achievement of the PDO is Moderately Satisfactory.

Relevance. The PDO remains highly relevant. On August 10, 2017, the Vice President launched a new national strategy to address the stunting and malnutrition crisis. The strategy proposes a focus on converging existing programs, including leveraging substantial villages fiscal transfers (Dana Desa) to increase community-level investment in maternal and child health, nutrition, early learning as well as water and sanitation services. In recognition of the program's relevance to this new strategy, the National Development Planning Agency (Bappenas) chaired a meeting with the Ministry of Villages (MoV) on August 21, 2017, at which all parties agreed to extend Generasi to support this strategy.

Efficacy. The latest Implementation Support Mission (ISM) in May 2017 was able to update all 12 PDO-level indicators for the 2015 program cycle based on data from approximately 83% of the program's 5,700 villages. The data indicated that the Project has met its targets for 8 indicators and narrowly missed targets for 4 indicators. Those met include targets for pregnant women receiving pre-natal care, deliveries assisted by trained professionals, pregnant women participating in pregnancy and nutrition classes, parent participation in parenting and child nutrition classes, and junior second enrollment rates. It is also on track to meet its total beneficiary targets in old and new program locations, including the sub-indicator for female beneficiaries. The Project has not achieved its targets for monthly weighing of children under three (83% vs 85% target), percentages of male caregivers participating in pregnancy and child nutrition classes (31% vs 40% target), female participation in planning and decision meetings (69% vs 70% target), and participation of the poor in planning and decision meetings (47% vs 60% target).

Efficiency. Overall efficiency remains substantial. The Project did occur significant implementation delays in 2015 as part of the project's transfer from the Ministry of Home Affairs to the new MoV. This disrupted the Project for six months, which further exacerbated block grant disbursements and execution delays. The Generasi Integration Strategy, which was necessitated by the parliaments enactment of a new Village Law, reduces project-specific block grants and focuses on using Project systems and structures to improve the use of Village Law spending for health and education services. Although the integration strategy has resulted in a dip in village health and education investment in the first integration year, data from the pilot province (NTB) indicate that investment rebounds in the second year and has the potential to increase substantially above block grants in previous years.

Implementation Progress. Overall implementation progress is currently rated Moderately Satisfactory. Although the Project has achieved 9 (of 10) Intermediate Results Indicators (IRI), the May 2017 ISM identified a deterioration in financial and project management that undermined implementation of two components. At the ISM wrap up on June 5, 2017, MoV, Bappenas and the Bank task team agreed to a comprehensive action plan, completion of which was required before Bappenas and the Bank would process an extension. On August 21, 2017, Bappenas chaired a

meeting to review progress, at which it was confirmed that MoV had complete all action items. The Bank and the implementing agency have also agreed to the following actions to prepare for implementation in the extended period.

1. Technical Workshop on 2018 extension preparation (MoV, Sep 15).
2. Trilateral meeting on project budget for 2018 (Bappenas, Sep 22).
3. Submission of revised project training modules for No Objection (MoV, Sep 29).
4. National Coordination Meeting (MoV, Oct 13).
5. Implementation Support Mission (WB/Bappenas/MoV, Oct 18-20).
6. Submission of budgeting spending warrant for No Objection, including project locations (MoV, Nov 10).
7. Issuance of 2018 project spending warrant (DIPA) (MoF, Dec 15).

The Project is in compliance with applicable safeguards and its legal covenants. There is no outstanding audit under the project.

Proposed Changes

Extension of Project Closing Date. The Project will be extended by one year utilizing an estimated $4.6 million in cost savings resulting from the integration of Generasi into the Village Law. No structural changes are proposed, and the Project will continue to finance community grants for community training and capacity building activities, community empowerment and facilitation support, coordination with local government health and education service providers, community monitoring of service delivery as well as project management and technical assistance. The one-year extension will also provide an opportunity to strengthen the Project's "community cadre" approach to improving frontline service delivery as discussed by World Bank President Jim Kim with President Jokowi and Minister of Finance Mulyani during his July 2017 visit. It will also ensure implementation continuity between Generasi and a proposed Program for Results operation under preparation for early FY19 delivery, which will support Vice President Kalla's recently announced National Action Plan for stunting reduction. Further, the extension will provide additional time to complete the Generasi integration strategy in the remaining three Project provinces (West Kalimantan, Central Kalimantan and South Sumatra).

III. DETAILED CHANGES

LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
TF-14769	Effective	31-Dec-2013	31-Dec-2017	31-Dec-2018	30-Apr-2019