



National Affordable Housing Program (P154948)

EAST ASIA AND PACIFIC | Indonesia | Social, Urban, Rural and Resilience Global Practice Global Practice | IBRD/IDA | Investment Project Financing | FY 2017 | Seq No: 5 | ARCHIVED on 05-Jun-2019 | ISR37080 |

Implementing Agencies: Ministry of Public Works and Housing, Ministry of Finance

Key Dates

Key Project Dates

Bank Approval Date: 17-Mar-2017

Effectiveness Date: 24-Jan-2018

Planned Mid Term Review Date: 01-Nov-2019

Actual Mid-Term Review Date: --

Original Closing Date: 31-Mar-2021

Revised Closing Date: 31-Mar-2021

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The development objective of the Program is to improve access to affordable housing for lower income households

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

No

Components

Name

Component 1: Mortgage-Linked Down Payment Assistance (Bantuan Pembiayaan Perumahan Berbasis Tabungan/BP2BT):(Cost \$215.00 M)

Component 2: Home Improvement Assistance (Bantuan Stimulan Perumahan Swadaya/BSPS):(Cost \$215.00 M)

Component 3: Technical Assistance for Housing Policy Reform:(Cost \$20.00 M)

Overall Ratings

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

Implementation Status and Key Decisions

In its first year and half of implementation, the NAHP Project performance varied widely across the three components, and disbursements are at USD 68.4 million or 15% of total loan commitment as of May 2019 representing a lag of 73% from its original disbursement estimate for 2019. The Government targeted to deliver 1,250 units of assistance from **Component 1: BP2BT** in the first year of operation but funded only 3 units by the end of 2018. Key factors for the poor performance being the (i) short 2-month duration participating banks were given to introduce BP2BT to the market in 2018; (ii) BP2BT being less attractive to participating banks and developers due to the lower economic value of the subsidy being at ~30-50% as compared with other existing subsidy programs; and (iii) inability of 90% of Local Governments to issue the occupancy certificate issuance (*Sertifikat Laik Fungsi* - SLF) that required by the Program to substantiate construction being built to standards.

Despite this poor performance to date, the Government is committed to continue with the implementation of BP2BT scheme and is working on the following enhancements: (i) Improving the BP2BT program attractiveness by increasing the assistance amount; (ii) Deploying field facilitators to build better engagement with developers, local government and communities; and (iii) Developing an alternative system for quality construction confirmation versus the requirement for occupancy certificates (SLF's).

The **Component 2: BSPS** delivered 34,969 units at the end of 2018. An additional 50,000 BSPS assistance has been committed and is being planned for implementation in 2019. With the delivery of the combined 85,000 units funded by the NAHP by December 2019, Component 2 will benefit approximately 340,000 people throughout the country. Field visits have brought to light that while safeguard norms are being followed, there are issues with the overall quality of home improvement. To ensure minimum construction standards and structural integrity are met, a quality construction improvement plan and a more robust monitoring and evaluation system have been developed, discussed and agreed with the Swadaya (BSPS) team for implementation.

Component 3: Technical Assistance for Housing Policy Reform activities were initially aimed to support policy reform, improved governance, and enhanced capacity in the housing sector. With prolonged delays of procurement and implementation, the overall activities have been streamlined and re-focused to meet the NAHP program development objectives and are now in different stages of procurement. Three key activities are expected to start implementation by Q3/Q4 2019.

To pro-actively address the under-performed status of the Project, particularly as related to Component 1: BP2BT, the Bank and Borrower have agreed on restructuring the NAHP. The **loan restructuring** will primarily consist of the reallocation of expected un-used funds of USD 70.5 million from Component 1: BP2BT to Component 2: BSPS. This will reduce the end volume target of BP2BT by 49% from 102,500 units to 52,500 units while increasing the target delivery of BSPS by 28%, from 140,000 units to ~180,000 units by the end of the Project tenure. (Please note that these targets refer to volume being funded by the NAHP only and do not include volume funded by APBN). In addition, as part of the loan restructuring, incremental operational expenses needed to mobilize the BP2BT and BSPS facilitators is planned to be included as one of the eligible expenses covered by the loan. The loan restructuring is expected to be completed by the end of June 2019 and the process will be initiated with a formal request for restructuring by the Borrower to MoF and Bappenas.

Risks

Systematic Operations Risk-rating Tool

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

Results

PDO Indicators by Objectives / Outcomes

To improve access to affordable housing for lower income households



▶Number of targeted households assisted by the Program for affordable house ownership (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	4.00	3.00	126,000.00
Date	03-Oct-2016	15-Nov-2018	15-May-2019	31-Mar-2021
Comments:	The Project provided down-payment assistance to 3 households against the Year-2 (March 2019) target of 47,000 units due to (i) the limited allotted time (one month) to implement the program by the participating banks, (ii) the protracted procurement processes, (iii) the program requirement for a housing occupancy certificate that cannot be satisfied by 90% of local governments, and (iv) the lack of market competitiveness of the program design.			
▶Number of targeted households received house improvement/ reconstruction stimulant through advanced system of Home Improvement Assistance Program (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	140,000.00	325,000.00	450,000.00
Date	03-Oct-2016	15-Nov-2018	15-May-2019	31-Mar-2021
Comments:	The Project achieved the delivery of home improvement assistance to 12,000 households for the 2019 first batch, in addition to the 173,000 assistance delivered as financed by the Government. This number will be updated by end of 2019 to document the planned additional assistance to be delivered to 38,000 households in the 2019 second batch. Cumulatively, the program has delivered home improvement assistance to 325,000 households between 2018 and May 2019.			

Overall Comments

Intermediate Results Indicators by Components

Component 1: Mortgage-Linked Down Payment Assistance (Bantuan Pembiayaan Perumahan Berbasis Tabungan/BP2BT)				
▶Percentage of Program beneficiaries in bottom 60 percent of the income distribution (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	100.00	80.00
Date	03-Oct-2016	15-Nov-2018	15-May-2019	31-Mar-2021
▶Percentage of Program beneficiaries from non-salaried sector (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target



Value	0.00	0.00	0.00	20.00
Date	03-Oct-2016	15-Nov-2018	15-May-2019	31-Mar-2021
Comments:	The Project has not delivered any units to the non-salaried sector to date. The informal income segment is currently an underserved segment. The Informal Income Capacity Building Technical Assistance package, aimed to build lender's capacity to underwrite the informal income segment so as to expand lending to this higher risk segment was not approved by the Minister. This lack of support will negatively impact the BP2BT's ability to reach this segment.			
►Number of participating lenders with volume >5 percent of BP2BT annual Program volume (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	1.00	4.00
Date	03-Oct-2016	15-Nov-2018	15-May-2019	31-Mar-2021
Comments:	To date, three lenders have submitted loan applications, but only one lender has received approval for BP2BT assistance.			
►Amount of BP2BT assistance linked mortgage finance leveraged (Amount(USD), Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	23,571.00	665,000,000.00
Date	03-Oct-2016	15-Nov-2018	15-May-2019	31-Mar-2021
Comments:	Too early in implementation process to determine leverage level.			
►Percentage of beneficiaries satisfied or highly satisfied with BP2BT Program (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	80.00
Date	03-Oct-2016	15-Nov-2018	15-May-2019	31-Mar-2021
Comments:	Too early in the implementation process for customer satisfaction survey to take place. However, informal discussion with the 3 Beneficiaries during site visit reveals high satisfaction with the program.			
►BP2BT IT System developed and operationalized (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	Yes	Yes	Yes
Date	03-Oct-2016	15-Nov-2018	15-May-2019	31-Mar-2021
Comments:	IT system developed and working			

Component 2: Home Improvement Assistance (Bantuan Stimulan Perumahan Swadaya/BSPS)

►Percentage of reconstructed and/or improved housing unit verified as accurate in beneficiary targeting (Percentage, Custom)



	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	75.00	85.00
Date	03-Oct-2016	15-Nov-2018	15-May-2019	31-Mar-2021
Comments:	The data was obtained from the 2018 BSPS evaluation report, and formulated and organized by the BSPS MPWH evaluation unit.			
►Percentage reconstructed and/or improved housing unit verified appropriately in fulfilling standard house requirement (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	80.00
Date	03-Oct-2016	15-Nov-2018	15-May-2019	31-Mar-2021
Comments:	No output verification has been completed, but a comprehensive construction quality check will be conducted in July-August 2019. The mission carried out an output quality assessment for 22 sampled BSPS houses in 4 districts. It concluded that 66% of sampled houses meet BSPS's standards.			
►Percentage of increased BSPS implementation in urban area (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	20.00	34.00	34.00	35.00
Date	03-Oct-2016	30-Nov-2018	15-May-2019	31-Mar-2021
Comments:	34% delivered in urban area, based on BSPS data.			
►Percentage of complaints recorded and processed within the service standard applied (disaggregated by gender) (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	65.00	0.00	80.00
Date	03-Oct-2016	15-Nov-2018	15-May-2019	31-Mar-2021
Comments:	An existing complaint handling mechanism is available for all programs including BSPS and is being managed at the ministerial level. The government MIS documented 286 complaints for housing subsidy programs in 2018. A complaint handling feature is in the process of being developed as a component of the improved monitoring and evaluation system to ensure timely responses and more effective complaint handling mechanism. This work program is expected to be completed by August 2019 and reflects adjustment which was made to accommodate the rejection of the proposed procurement package to develop a stand-alone BSPS GRM system by the Minister.			
►Percentage of beneficiaries satisfied or highly satisfied with BSPS Program for home reconstruction/improvement (disaggregated by gender) (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	92.00	80.00
Date	03-Oct-2016	15-Nov-2018	15-May-2019	31-Mar-2021



Comments:	2019 BSPS evaluation carried out by Build Change recorded that 92% of 480 sampled households are satisfied with the program, despite lack of output quality produced.			
►Swadaya Management Information System developed and operationalized (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	03-Oct-2016	15-Nov-2018	15-May-2019	31-Mar-2021
Comments:	SMIS is available with limited monitoring features and analytical functions. The improvement of SMIS is underway and being financed by the Government's own funds, with technical support from the Bank team. It is expected that the improved features will be fully completed by the end of 2019. In the meantime, the Bank team introduced a Geo-Enabling Monitoring System (GEMS) to strengthen field data collection and link it towards the BSPS database. An effort to improve data synchronization and transfer mechanism for substandard homes is also underway and supported by the Bank team. The above work program was an adjustment made by the NAHP team to accommodate the previous plan to use funding from the NAHP Loan, though it was rejected by the Minister of Public Works and Housing.			

Component 3: Technical Assistance for Housing Policy Reform				
►A Housing and Real Estate Information System (HREIS) developed created and under implementation (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	03-Oct-2016	15-Nov-2018	15-May-2019	31-Mar-2021
Comments:	Selection process is underway, and the Consultant is expected to be in place to begin implementation in June 2019.			
►Mortgage guarantee mechanism developed (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	03-Oct-2016	15-Nov-2018	15-May-2018	31-Mar-2021
Comments:	This indicator is planned to be dropped through Loan restructuring			
►Public Housing Policy Roadmap developed (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	03-Oct-2016	15-Nov-2018	15-May-2019	31-Mar-2021
Comments:	Not yet in place due to cancelation of procurement package. PIU is in the process to re-propose the package to the Minister.			



►Business Plan for the National Housing Corporation (Perum Perumnas) to manage affordable housing developed (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	03-Oct-2016	15-Nov-2018	15-May-2019	31-Mar-2021
Comments:	The procurement is underway.			
►Local Government Affordable Housing Plans developed (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	15.00
Date	03-Oct-2016	15-Nov-2018	15-May-2019	31-Mar-2021
Comments:	The procurement is underway.			

Data on Financial Performance

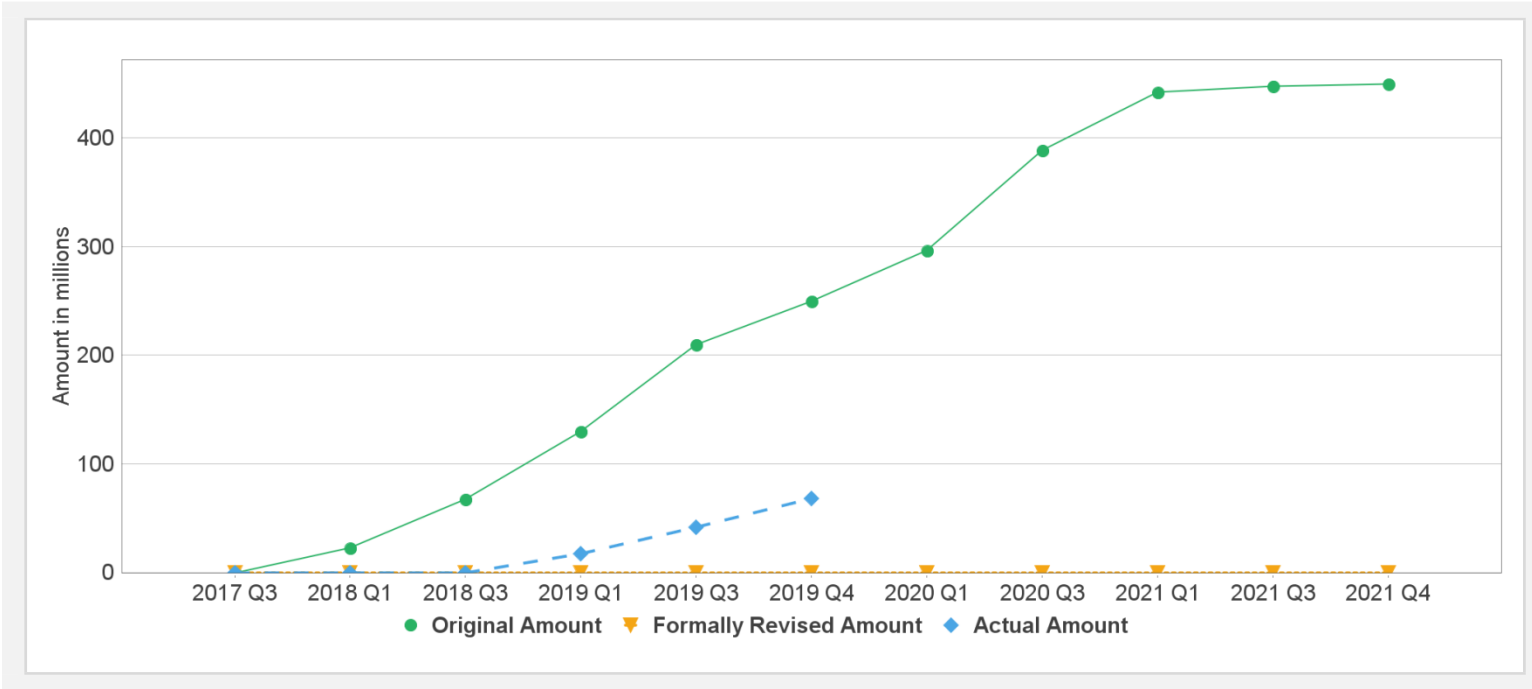
Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P154948	IBRD-87170	Effective	USD	450.00	450.00	0.00	68.40	381.60	15%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P154948	IBRD-87170	Effective	17-Mar-2017	30-Nov-2017	24-Jan-2018	31-Mar-2021	31-Mar-2021

Cumulative Disbursements



Restructuring History

There has been no restructuring to date.

Related Project(s)

There are no related projects.