

Indonesia : Dam Operational Improvement and Safety Project Phase II

1. Project Information

Project ID:	P000010	Instrument ID:	L0010A
Member:	Indonesia	Region:	South-Eastern Asia
Sector:	Water	Sub-sector:	Water disaster resilience
Instrument type:	<input checked="" type="checkbox"/> Loan:125.00 US Dollar million <input type="checkbox"/> Guarantee	Co-financier(s):	World Bank
ES category:	B	Borrowing Entity:	Ministry of Finance, Indonesia
Implementing Entity:	Ministry of Public Works and Housings, Indonesia		
Project Team Leader:	David Ginting (DG: Rajat Misra; Responsible Department: INF1)		
Project Team Members:	Liu Yang, Project Counsel; Yi Geng, OSD - Financial Management Specialist; Susrutha Goonasekera, OSD - Social Development Specialist; Chongwu Sun, OSD - Environment Specialist; Yangzom Yangzom, OSD - Procurement Specialist; Jinghui Li, Project admin;		
Completed Site Visits by AIIB:	Feb, 2018 May, 2018 Nov, 2018 Feb, 2019 Jun, 2019 Jun, 2020 virtual mission Mar, 2020 Oct, 2020 virtual mission Jul, 2021 virtual mission Mar, 2021 virtual mission Nov, 2021 virtual mission		
Planned Site Visits by AIIB:	May, 2022 Virtual mission		
Current Red Flags Assigned:	0		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	1		
Previous Red Flags Assigned Date:	2021/09		

2. Project Summary and Objectives

The Project objective is to increase the safety and functionality of existing dams in selected locations and strengthen the operation and management capacity for dam safety. The beneficiaries of the Project include over 11 million people who will not only be better protected against dam failure or flooding but also from the improved performance of the dams, largely used for irrigation supply.

3. Key Dates

Approval:	Mar. 22, 2017	Signing:	May. 29, 2017
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Effective:	Aug. 04, 2017	Restructured (if any):	
Orig. Closing:	Jun. 30, 2023	Rev. Closing (if any):	

4. Disbursement Summary (USD million)

Contract Awarded:		Cancellation (if any):	0.00
Disbursed:	86.38	Most recent disbursement (amount/date):	15.00/Feb. 22, 2022
Undisbursed:	38.62	Disbursement Ratio (%) ¹ :	69.10

5. Project Implementation Update

The implementation of the project continues to improve. Construction and consulting services implementation are improving, as reflected by the recent disbursements (an increase of USD27.5 million or 22% of the loan since the last PIMR reporting), contracts awarded (totaling 77% of the total project cost, compared to 50% in the previous PIMR) and the number of reports and training completed, both of which belong to components 1 and 4. Continuous price escalations have been observed since the start of project implementation, which is expected to impact the ability of the project to achieve its Project Development Objectives. This will be one of the focuses of the upcoming implementation mission (May or June 2022).

Components	Physical Progress	Environmental & Social Compliance	Procurement
Component 1: Dam Operational Improvement and Safety Works and Studies (USD67.48 million)	n/a	The World Bank rated the overall environmental and social safeguard compliance as Moderately Unsatisfactory for the following reasons: (i) preparation of required E&S documents was delayed; (ii) for at least three schemes, the E&S requirements were not integrated into the bidding documents during the procurement process, due to lack of completed E&S documents; (iii) the details of the implementation of the mitigation measures is lacking due to the limited C-EMPs prepared by the contractors – hence ; (iv) no written E&S monitoring reports were received, although requested by the Bank.	Progress made compared to last quarter: increase in the number of contracts completed 131 to 150 contracts, 148 contracts are ongoing, 29 contracts under tendering, and 4 contracts being prepared for tendering. 17 consultancy services contracts are under the final selection process.
Component 2: Operations and Maintenance Improvement and Capacity	n/a	See above	See above

¹ Disbursement Ratio is defined as the volume (e.g. the dollar amount) of total disbursed amount as a percentage of the net committed volume.

Building (USD9.62 million)			
Component 3: Reservoir Sedimentation Mitigation (USD22.95 million)	n/a	See above	See above
Component 4: Dam Safety Institutional Improvement (USD 10.34 million)	n/a	See above	See above
Component 5: Project Management (USD14.61 million)	n/a	See above	See above

Financial Management:

The IFR Q4 2021 has been submitted and was consistently on time. The ineligible expenditures noted in the FY2020 audit report were completely refunded (USD 39000) and was reflected in the Q4 IFR 2021. The current DIPA (annual budget) amount for 2022 date is IDR 465 billion and could be increased subject to the need of the implementing agencies. While it is only 29% of the 2022 annual work plan amount (IDR 1,607 billion), the amount is sufficient for the first semester of 2022, and all contract line items are allocated in the DIPA, so there is no anticipated delay in payment stemmed from DIPA unavailability. DIPA revision to top up the amount is currently still ongoing. Currently, the audit for FY 2021 is about to start, with the report expected to be issued on June 30, 2022.

6. Status of the Grievance Redress Mechanism (GRM)

Each River Basin Organization (as the PIUs) has an existing web-based grievance system. These systems are functioning and used for the project. The PIUs will ensure that the adopted mechanism is accessible to communities surrounding the project sites, in the sites of construction works, and at the sites where community participation occurs.

7. Results Monitoring

Encouraging progress in achieving the PDO and intermediate indicators has been made in the past six months, especially in the number of "Project Beneficiaries" which has been exceeded by nearly a factor of two. However, continuous cost escalations since the start of the project implementation have eroded the financial resources and have made it challenging for the Project to reach some of the targets. A revised set of targets were extensively discussed at the last implementation mission (November 2021). Based on this, implementing agencies have been working closely with MOF to formally request the revision of the targets through a Project Change.

Project Objective Indicators #1

Overall risk reduction of all dams under project (%)

Year	Target	Actual	Comments, if any
Aug. 04, 2017	4 (baseline)	n/a	
Dec. 31, 2018	4	4	
Dec. 31, 2019	6	7.47	

Dec. 31, 2020	10	8.12	
Dec. 31, 2021	15	8.3	
Dec. 31, 2022	20	-	

Project Objective Indicators #2

Number of dams with individual hazard reduced by > 20% of risk score.

Year	Target	Actual	Comments, if any
Aug. 04, 2017	16 (baseline)	n/a	
Dec. 31, 2018	16	16	
Dec. 31, 2019	21	22	
Dec. 31, 2020	31	25	
Dec. 31, 2021	60	28	
Dec. 31, 2022	98	-	

Project Objective Indicators #3

River Basin Organizations (Balai) with need-based O&M budget and plan operationalized within a national dam asset management system

Year	Target	Actual	Comments, if any
Aug. 04, 2017	0 (baseline)	n/a	
Dec. 31, 2018	0	0	
Dec. 31, 2019	0	0	
Dec. 31, 2020	2	0	
Dec. 31, 2021	4	3	
Dec. 31, 2022	13	-	

Project Objective Indicators #4

Issuance of regulation on dam safety

Year	Target	Actual	Comments, if any
Aug. 04, 2017	0 (baseline)	n/a	
Dec. 31, 2021	2	2	
Dec. 31, 2022	3	-	

Project Objective Indicators #5

Project beneficiaries (million people)

Year	Target	Actual	Comments, if any
Aug. 04, 2017	2.3 (baseline)	n/a	
Dec. 31, 2021	9.9	16.59	

Dec. 31, 2022	11.2	-	
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Project Objective Indicators #6

Project beneficiaries, of which female (percent)

Year	Target	Actual	Comments, if any
Aug. 04, 2017	50	n/a	
Dec. 31, 2021	50	50	
Dec. 31, 2022	50	-	

Intermediate Result Indicators #1

Number of dams rehabilitated

Year	Target	Actual	Comments, if any
Aug. 04, 2017	24(baseline)	n/a	
Dec. 31, 2018	60	24	
Dec. 31, 2019	24	27	
Dec. 31, 2020	105	33	
Dec. 31, 2021	120	35	
Dec. 31, 2022	140	-	

Intermediate Result Indicators #2

Number of dams with BDSF operational

Year	Target	Actual	Comments, if any
Aug. 04, 2017	9 (baseline)	n/a	
Dec. 31, 2018	25	19	
Dec. 31, 2019	65	22	
Dec. 31, 2020	95	16	
Dec. 31, 2021	124	27	
Dec. 31, 2022	140	-	

Intermediate Result Indicators #3

Number of dams where emergency action plans updated and disseminated

Year	Target	Actual	Comments, if any
Aug. 04, 2017	44 (baseline)	n/a	
Dec. 31, 2018	70	44	
Dec. 31, 2019	78	-	
Dec. 31, 2020	98	65	
Dec. 31, 2021	120	65	

Dec. 31, 2022	140	-	
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Remarks:

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