

## SBF Project Implementation Monitoring Report

### Indonesia: Dam Operational Improvement and Safety Project Phase II

#### 1. Project Information

Project ID:	000010	Investment Number:	L0010A
Member:	Indonesia	Region:	South-Eastern asia
Sector:	Water	Sub-sector:	Flood protection, Irrigation and drainage
AiIB Financing Type:	Loan: 125 USD million	Co-financier(s):	IBRD
E&S category:	B	Borrower:	Republic of Indonesia
Red Flags Assigned:	1 (Q1: 1)	Monitoring Regime:	Regular Monitoring
Implementing Agency:	Ministry of Public Works and Housings (MPWH)		
Project Team Leader:	David Ginting		
Project Team Members:	Chongwu Sun, Senior Environment Consultant Jana Halida Uno, Senior Operational Policy Specialist Susrutha Goonasekera, Senior Social Development Specialist Haiyan Wang, Senior Finance Officer Yangzom, Procurement Specialist (Operations) Yi Geng, Senior Financial Management Specialist Jinghui Li, Assistant		
Completed Site Visits by AIIB:	Feb, 2018  May, 2018  Nov, 2018  Feb, 2019  Jun, 2019  Mar, 2020  Jun, 2020 virtual mission  Oct, 2020 virtual mission  Mar, 2021 virtual mission		
Planned Site Visits by AIIB:	Jun, 2021 No site visit has been planned due to travel restriction by Covid-19. Implementation support mission (virtual) is planned to be conducted in October 2021.		

#### 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
Effective:	Aug. 4, 2017	Restructured (if any):	

Orig. Closing:	Jun. 30, 2023	Rev. Closing (if any):	
----------------	---------------	------------------------	--

#### 4. Disbursement Summary (million)

Currency:	USD		
a) Committed:	125	b) Cancellation (if any):	
c) Disbursed:	58.88	d) Most recent disbursement: (amount / date)	12.5, Aug. 19, 2021
e) Undisbursed:	66.12	f) Disbursement Ratio(%) <sup>1</sup> :	44.7

<sup>1</sup> Disbursement Ratio is defined as the volume (i.e. the dollar amount) of total disbursed amount as a percentage of the net committed volume, i.e.,  $f = c / (a - b)$

#### 5. Project Implementation Update

The implementation of the project continues to demonstrate improvements. Construction and consulting services implementation are improving as reflected by the recent disbursements as well as the number of reports and trainings completed, both of which belong to components 1 and 4. However, the project is lagging behind in achieving several key performance indicators, including the achievement of the Project Development Objectives (PDO), which requires an acceleration of implementation in the remaining project duration. In terms of procurement, progress was made compared to last quarter, namely an increase in the number of contracts completed from 95 to 131 contracts, 88 contracts ongoing, an increase in the number of contracts under tendering from 9 to 40, and 77 contracts being prepared for tendering. 63 packages of consultancy services are under the selection process.

Following heavy rainfall recorded from the end of last year until March 2021, many Project dams were exposed to heavy rainfalls exposing dams to safety hazards such as landslides and seepages. CPMU and CPIU have identified a list of critical dams that requires urgent attention. CPMU has moved promptly, under the close guidance of the World Bank, to address these issues and awarded several civil works contracts for urgent rehabilitation.

Component s	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 with following reasons: (i) preparation of required E&S documents were delayed; (ii) for at least 3 schemes, the E&S requirements were not integrated in the bidding documents during the procurement process, due to lack of completed E&S documents; (iii) none of the sub-projects have approved C-EMPs prepared by the contractors – hence the details of implementation of the mitigation measures is lacking; (iv) no written E&S monitoring reports were received, although requested by the Bank.	Progress made compared to last quarter: increase in number of contracts completed from 95 to 131 contracts, 88 contracts ongoing, increase in number of contracts under tendering from 9 to 40 and 77 contracts being prepared for tendering. 63 packages of consultancy services are under selection process.
Component 2: Operations and Maintenance Improvement and Capacity Building (USD9.62 million)	n/a	See above	See above
Component 3: Reservoir Sedimentation Mitigation (USD22.95 million)	n/a	See above	See above
Component 4: Dam	n/a	See above	See above

Safety Institutional Improvement (USD 10.34 million)			
Component 5: Project Management (USD14.61 million)	n/a	See above	See above

#### Financial Management:

The project has been continuously maintaining moderate satisfactory FM performance. The FY2020 audit report with unqualified opinion (clean) has been submitted and follow up action on refund of ineligible expenditures is required. To address the main issue of budget revision, it is to be done in two stages, some was completed last July, and the remaining will be done in October to ensure the budget document (DIPA) is in accordance with the actual amount that can actually be incurred in 2021.

### 6. Status of the Grievance Redress Mechanism (GRM)

Each River Basin Organizations (as the PIUs) has an existing web-based grievance system. These systems are functioning and used for the project. The PIUs agreed to make sure that the mechanism is accessible to communities surrounding the DOISP's project sites, in the sites of construction works as well as at the sites where community participation take place. The World Bank is reviewing the GRM to assess its functionality and review for unresolved grievance (if any).

### 7. Results Monitoring

Most of the indicators are progressing compared to the last missions. The project has benefitted 16.5 million beneficiaries as of the last implementation mission. Yet, overall progress of the project towards the development objective is behind the schedule and all PDO indicator targets have not been fully achieved as indicated in the annual target. Other PO indicators on overall risk reduction, individual hazard reduced by > 20% of risk score, improved operations dams, and issuance dam safety regulation slightly behind the intended target. Like PDO indicators, the intermediate indicators show little progress.

Baseline Year: Aug. 4, 2017 End Target Year: Jun. 30, 2023

#### Project Objective Indicators #1

Overall risk reduction of all dams under project (%)

Year	Target	Actual	Others, if any
Aug. 4, 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	Others, if any
Aug. 4, 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	Others, if any
Aug. 4, 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	Others, if any
Aug. 4, 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	Others, if any
Aug. 4, 2017	2.3 (baseline)	n/a	
Dec. 31, 2021	9.9	16.59	
Dec. 31, 2022	11.2	-	

## Project Objective Indicators #6

Project beneficiaries, of which female (percent)

Year	Target	Actual	Others, if any
Aug. 4, 2017	50	n/a	
Dec. 31, 2021	50	50	
Dec. 31, 2022	50	-	

## Intermediate Result Indicators #1

Number of dams rehabilitated

Year	Target	Actual	Others, if any
Aug. 4, 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	Others, if any
Aug. 4, 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	Others, if any
Aug. 4, 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	-	

**Remarks:** The last implementation mission concluded that all PDO indicators continue to be relevant and can be achieved by the closing date of the Project provided that the required budgets are secured. PDO indicator projections have also been made with the existing budget of USD 250 million, which resulted that the target of PDO-2 might have to be reduced from the existing target of 98 dams to 87 dams. Considering the observed escalation in construction cost, present disbursement rate of 44%, and approximately 2 years before the closing date of the project, the last mission suggested that the project be restructured to lower the target of PDO-indicator number 2 and keep the existing project budget of USD 250 million. Intermediate indicators show significant progress and some indicators are on track such as the number of dams equipped with an emergency action plan, the establishment and operationalized Dam Technology Center in DGWR, and 100% coverage of RBOs, CDMUs, DSU staff have received annual training from the project. However, the last mission suggested that targets for intermediate indicators shall also be reviewed with the existing project budget of USD 250 million. An upcoming implementation support mission will be held between October and November 2021, where extensive discussion on PDO achievements, review of targets, review of indicators' relevancy, and potential Project Change / restructuring will be held.