

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	Lead 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		
Responsible DG:	Rajat Misra		
Responsible Department:	INF1		
Project Team Members:	Asma Bachikh, Team Member; Liu Yang, Project Counsel; Yi Geng, OSD - Financial Management Specialist; Susrutha Goonasekera, OSD - Social Development Specialist; Chongwu Sun, OSD - Environment Specialist; Jingrong He, OSD - Procurement Specialist; Jinghui Li, Project admin		
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 Jul, 2021 virtual mission Nov, 2021 virtual mission May, 2022 Dec, 2022		
Planned Site Visits by AIIB:	Jun, 2023 June 2023		
Current Red Flags Assigned:	0		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	0		
Previous Red Flags Assigned Date:	2022/09		

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
Effective:	Aug. 04, 2017	Restructured (if any):	Jul. 14, 2022
Orig. Closing:	Jun. 30, 2023	Rev. Closing (if any):	

4. Disbursement Summary (USD million)

Contract Awarded:	125.00	Cancellation (if any):	0.00
Disbursed:	104.88	Most recent disbursement (amount/date):	8.50/Nov. 29, 2022
Undisbursed:	20.12	Disbursement Ratio (%) ¹ :	83.90

5. Project Implementation Update

The project implementation continued to progress substantially, namely in terms of procurement and disbursement. While the Project's disbursement has increased to 84 percent, 100 percent of the project fund has now been committed to work packages. Most of the packages will be concluded before the loan closing, with a few that might need more time to complete. Close assessments of these contracts and discussions between the CPMU and the Banks will be undertaken to agree on the approach to address this (i.e., to resize the ongoing contracts or to extend the Project closing date). Lastly, the previous implementation mission, completed in December 2022, highlighted the urgency of completing the remaining safeguard action plans before the loan closing. A mission will be undertaken in May 2023, largely focusing on evaluating the progress of civil works, safeguard action plans, and preparation towards the loan closing.

Components	Physical Progress	Environmental & Social Compliance	Procurement
Component 1: Dam Operational Improvement and Safety Works and Studies (USD67.48 million)	82%	The PMU is still required to complete all safeguards instruments and environmental audits, including site visits and site visit reports for the critical dams by the dam safety panel of Experts, Contractor's Environmental Management Plans (C-EMPs), Resettlement Action Plans (RAPs),	Under this component, 174 contracts have been completed, and 40 are under the final stage of implementation.

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.

		and any compensation payments, Emergency Preparedness Plans (EPPs) and Operation and Maintenance (O&M) Plans. Environmental audits must be undertaken for the completed and ongoing sub-Projects where C-EMPs have not been prepared, and environmental clauses have not been incorporated in the civil works contracts by the next implementation support mission (May 2023).	
Component 2: Operations and Maintenance Improvement and Capacity Building (USD9.62 million)	n/a	See above.	Under this component, 25 contracts have been completed, and one is in the final implementation stage.
Component 3: Reservoir Sedimentation Mitigation (USD22.95 million)	87%	See above.	Under this component, 21 contracts have been completed, and six are in the final stage of implementation.
Component 4: Dam Safety Institutional Improvement (USD 10.34 million)	n/a	See above.	Under this component, 53 contracts have been completed, and three are in the final stage of implementation.
Component 5: Project Management (USD14.61 million)	n/a	See above. The CPMU/CPIU has been requested to maintain the existing social safeguard specialists under the TA consultants until the project closing date to ensure that the monitoring and reporting are properly conducted, including to contribute to the upcoming Project Completion Report (PCR).	Under this component, six contracts have been completed, and six are in the final stage of implementation.

Financial Management:

The Project has disbursed 84 percent of the total loan and is committed 100 percent of the funds. A careful review of the expenditures under the Project revealed that the Project may be over-committed by USD4.2 million, requiring careful monitoring of future expenses. Since most of the remaining expenditures are for contracted works, the CPMU will take this current projection into account to identify necessary adjustments on the ongoing contracts to ensure the total loan expenditures will not exceed the allocated loan amount. The Project continues to maintain its good performance on the timeliness of financial report submissions and follow-up of audit findings. The FY2021 audit report was submitted on time and provided a clean opinion of the Project's financial statement. The Project has also followed up on all audit findings, including a refund of ineligible expenditures amounting to USD290,034.56 that was refunded to the designated account on October 20, 2022.

6. Status of the Grievance Redress Mechanism (GRM)

Mechanisms for filing complaints have been put in place in all PIUs. So far, 173 incoming complaints, questions, and requests have been received from the 90 dams where the civil works are ongoing, with 86 resolved and 87 still pending. They are mostly related to disturbances during construction, such as dust, noise, access disturbance, the timeline for the relocation to the new kiosks, and the local communities' willingness to work on the Project. The PIUs have been following up on complaints and reporting to the Bank in a timely manner. Incoming complaints and their resolution status have been updated by each PIU through a shared cloud drive, assisted by the contractors/supervision consultant. Codes of conduct of the contractors have included the sexual harassment/gender-based violence (SH/GBV) aspect. There are no SH/GBV cases reported.

7. Results Monitoring (please refer to the full RMF, which can be found on the last page of this PIMR)

The last implementation support mission (December 2022) recorded a full accomplishment of Project Objective Indicators #5, with Intermediate Result Indicators #3.1,# 4.1, and #4.6 having exceeded their targets. In terms of achievements of Project Objective and Intermediate Result Indicators, the implementation progresses to nearly meeting its targets and is expected to fully meet them by loan closing.

Remarks:

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