

PNPM Urban in Aceh

Quarterly Progress Report: January to March 2016

Summary Information	
Status	Active
Activity Number	RETF: P131296 (TF012192) BETF: P131511 (TF012423 and TF013728)
Task Team Leader(s)	George Soraya (gsoraya@worldbank.org) Evi Hermirasari (ehermirasari@worldbank.org)
Executing Agency(ies)	Directorate General of Human Settlements (DGHS), Ministry of Public Works and Housing
Start date to Closing Date	28 December 2012 to 15 December 2016
Geographic Coverage	400 kelurahans (urban wards) in 12 cities/districts in Aceh Province
Approved Budget	US\$25,358,557
Disbursements during the Quarter	US\$99,367
Cumulative Disbursements	US\$21,278,623

Progress

Project Overview

PNPM Urban is a core component of the Indonesian Government's flagship poverty alleviation and community empowerment efforts. Urban supports the Government's efforts to ensure that the urban poor benefit from improved local governance and living conditions. Urban 2012-2015 now covers 10,924 *kelurahans* (urban wards), involving around 26.7 million beneficiaries. In 2012, the Joint Management Committee (JMC) approved a joint proposal by the Indonesian Government and the United States Agency for International Development (USAID) of a US\$23.5 million grant to support the implementation of Urban in the province of Aceh with four components:

- (i) **Capacity Building for Communities and Local Governments** supports capacity-building training and workshops, and facilitation for community boards of trustees (BKMs), community groups and Revolving Loan Funds (RLFs) unit staff;
- (ii) **Kelurahan Grants** (with a total value of more than US\$14 million) co-finance sub-projects identified in community development plans, including pilot interventions to mainstream the participation of women in community projects and decision-making (SELARAS); spatial development programs for neighborhood infrastructure development targeting the poorest of the poor (Neighborhood Development Program); and interventions to strengthen the livelihoods of poor communities (Sustainable Urban Livelihoods Program);
- (iii) **Implementation Support and Technical Assistance** focuses on capacity-building of the Project Management Units (PMUs) staff and local governments and facilitates monitoring and evaluation activities; and
- (iv) **Contingency for Disaster Response** supports preparedness and rapid response measures to address disasters, emergencies and/or catastrophic events, as needed, at the urban ward

level, through sub-projects and/or using project implementation agreements.

At the end of 2014, the closing date of the project grants was extended until December 15, 2016. In addition, two Bank-executed trust funds (BETFs), initially activated to provide implementation support and technical assistance to the implementing agency, were consolidated and integrated into a single project in order to enhance administrative efficiency.

Overall progress towards development objective

The project is progressing satisfactorily towards achieving its development objective. All indicators exceeded their targets by March 2016. In terms of providing improved living conditions, some 93% of *kelurahan* grants have been utilized for the development of infrastructure. Furthermore, more than 90 percent (compared to the target of 80%) of the infrastructure built has been at least 20 percent less expensive than that built by non-community-based approaches and more than 95 percent of infrastructure works have been evaluated as being of good quality (compared to the target of 70%). In terms of improving local governance, currently 99 percent of complaints have been resolved, compared to the target of 90 percent. Also, the project has seen significant participation of the target adult population in BKM elections (33%), and significant participation of the poorest/vulnerable groups and women in planning and decision making meetings (47% and 43%, respectively). The Management Information System (MIS) has recorded around 740,000 beneficiaries, of which 53 percent were women (compared to the target of 40%).

Three pilot programs under PNPM Urban, namely SELARAS (the gender empowerment program), the Neighborhood Development Program (ND) and the Sustainable Urban Livelihoods Program are also progressing as planned. To date about US\$20.3 million (86%) of the RETF grant (US\$23.5 million) has been disbursed. SELARAS has been implemented in 426 *kelurahans* in 12 cities/districts in Aceh Province, while ND has reached 15 *kelurahans* in 5 cities, and the Livelihoods Program has reached 8 *kelurahans* in 2 cities. The MIS shows about 162,000m of village roads, 82,000m of drainage, 2,700m of sewerage channels, 1,000m of water supply piping and 1000 units of sanitation facilities have been rehabilitated, and 500 houses were rehabilitated¹. A small part of the grants were also utilized for the construction of social and economic facilities, including public health and education facilities. The program continues to target the inclusion of poor women as project beneficiaries, increased female participation in village meetings, and the participation of women as gender focal points in *kelurahans*.

Key developments during the quarter

SELARAS (gender empowerment)

- i. **SELARAS (gender empowerment)**
- ii. 100 percent of SELARAS grants were disbursed to 426 *kelurahans* by the end of 2015 and 90 percent of the grants have been utilized. During this quarter, BKMs, facilitators and city coordinator teams have undertaken the supervision and certification of built infrastructures, verified and completed the financial reports for the SELARAS projects, and synchronized the manually collected data and the MIS data.
- iii. SELARAS has supported local governments on integrating PNPM Urban and slum issues into regular village plans (RPJM Gampongs). In this quarter, 7 out of 12 districts/municipalities have conducted workshops involving some local governments agencies (planning, community development, public works, gender and children protection, social welfare), as well as community organizations (BKMs, LKMs) and village governments. The workshops aimed at developing a strategy for integrating slum issues into the village planning and budgeting

¹ These numbers still need to be updated.

process. Responses to the workshop were varied. Some village governments were willing to include BKMs in planning teams, ²while others still need to be convinced about the value of doing so.

- iv. SELARAS has also supported preparation of the National Slum Upgrading Program (NSUP). To date the baseline for slum profiling that has been fully completed in all 426 villages. The team is currently developing city-level slum profiles. The data will be used by local governments to prepare drafts of Slum Improvement Action Plans.
 - v. Two documentary films about SELARAS were completed and have been disseminated to communities and local governments.
- **Neighborhood Development (ND).** 100% of the kelurahan grants for the ND program in 15 kelurahans have been disbursed and about 50% have been utilized. Each kelurahan has received IDR 1 billion and this has been utilized for technical assistance and infrastructure investment in prioritized areas that selected during a series of community meetings. ND infrastructure investments mostly go to roads, drainage, livestock facilities and economic facilities. 85% of infrastructure investments are funded by the grants and 15% by Local Government and community contributions. The technical assistance includes urban planners and social marketing specialists at kelurahan level that are hired by communities, formulation of Community Settlement Plans, capacity building activities, such as training, socialization, and study tours; and overhead costs for BKMs/LKMs.
 - **Sustainable Livelihoods.** The Sustainable Livelihoods pilot still continues at the community group (KSM) level, despite less intensive mentoring from the volunteers and PNPM facilitators. The SMERU monitoring report on the Sustainable Livelihoods program was completed in December 2015. Some follow-up actions have been agreed upon such as engaging business development/vocational training centres, providing enhanced training to community groups and volunteers and linking the KSM (community groups) with financial institutions to support the running of their micro businesses.
 - **Consultants and facilitators.** The extension of oversight consultants and community facilitators' contracts for Aceh has been completed. Their contracts have been extended until 31 December 2016. The procurement of evaluation consultants has also been completed and the evaluation consultants who will carry out the quantitative evaluation of SELARAS have been selected.

Critical Challenges

MIS. Improvements need to be made to the SELARAS data collection and validation by the consultants and facilitators, such as on progress of disbursement and utilization of the SELARAS grants. New activities to support preparation of slum upgrading program have not been incorporated into current MIS and therefore the progress monitoring is currently being conducted manually. Baseline data for slum profiling at city level should be completely recorded in the MIS and utilized by districts/municipalities as well as village governments for planning and budgeting process.

Alignment of slums program with regular planning and budgeting of Local Government. Compared to the previous PNPM Urban process, the alignment of sectoral programs (i.e. settlement/slum infrastructure) into the regular planning and budgeting process (RPJM Desa, Musrenbang) conducted by Local Governments and village officials poses greater challenges in terms of the variation of capacity and innovation among participating villages (426 villages). In this regard, the provincial consultant has drafted a set of monitoring instruments to be used internally to document the progress. This will be valuable to support the upcoming National Slum Upgrading Program. Local governments

and village governments will continue to receive facilitation for the integration of slum upgrading aspects into the regular planning (RPJM Daerah and RPJM Gampong/Desa) and experiences and lessons from the integration process should be documented.

Activities planned during the next quarter

- Complete 100% utilization of SELARAS grants, especially those that were disbursed in 2015, including certification of infrastructure quality, MIS data verification and financial reports.
- Ensure completion of city profiles of slums in the MIS and utilization of baseline data by districts/municipalities as well as village governments for the planning and budgeting process for the National Slum Upgrading Program.
- Continue to facilitate local governments and village governments with the integration of slum upgrading aspects in the regular planning process (RPJM Daerah and RPJM Gampong/Desa) and document the experiences and lessons from the integration process.
- Start evaluation of the SELARAS program, including the formulation of evaluation tools and surveys to be carried out in sampled areas.
- Document lessons learned from Aceh about the attempt to set up the slum upgrading budget and implementation processes at the village level.

Key Performance Indicators

Indicator	Baseline	Cumulative Target	Cumulative Achievements	VAR	Target for 2016	Achieved in 2016	VAR	Remarks
Project Development Objective: The urban poor in participating <i>urban wards</i> benefit from improved local governance and living conditions that poor benefit from improved socio-economic and local governance conditions.								
Infrastructure built is at least 20% less expensive than that built by non-community based approaches	-	80%	96%		80%	96%	+16%	
Min 90% of complaints are resolved	95%	≥90%	99%		90%	99%	+9%	
Project beneficiaries	54,400	32000	740,734		32000	508	+708,734	
Of which 40% are female (beneficiaries)	0%	>40%	52.7%		>40%	52.7%	+12.7%	
Intermediate Results (Component 1): Capacity Building for Communities and local Governments								
Participation rate of the poorest and vulnerable community members in planning and decision making meetings	54% (Urban III)	≥40%	65.6%		40%	65.6%	+25.6%	
Participation rate of women in planning and decision making meetings	47% (Urban III)	≥40%	48.6%		40%	48.6%	+8.6%	
Percentage of the adult population voting in BKM elections at the neighborhood level	31% (Urban III)	≥ 30%	32%		30%	32%	+2%	
Percentage of local governments provide	75% (Urban AF & III)	≥ 80%	100%		80%	100%	+20%	

required cost-sharing								
Component 2: Communities receive improved access to infrastructure based on Community Development Plans								
Percentage of infrastructure works evaluated as of good quality	0%	≥ 70%	99.8%		70%	99.8%	+29.8%	
Percentage of urban wards with revolving loan funds (RLFs) having a portfolio at risk (PAR) ratio > 90% days of < 10%	34%	≥ 50%	10%		50%	10%	-40%	
Component 3: Consultants provide technical assistance and implementation support to the project								
Percentage of oversight consultants (OCs) providing timely & accurate data through MIS	≥ 90%	≥ 90%	98.3%		90%	99.3%	+9.3%	
Percentage of BKMs with completed annual financial audits	≥ 80%	≥ 80%	98.6%		80%	98.6%	+8.6%	