

Urban in Aceh

Quarterly Progress Report: April to June 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, and the PSF/World Bank
Start date to Closing Date	December 28, 2012 to December 15, 2016 (48 months)
Geographic Coverage	400 kelurahans (urban wards) in 12 cities/districts in Aceh Province
Approved Budget	US\$25,358,557
Disbursements during the Quarter	US\$2,385,035
Cumulative Disbursements	US\$23,663,658

Progress

Project Overview

The Urban in Aceh (Urban) program 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.

The community organizations, implementation mechanisms and monitoring structures used during Urban in Aceh are being used as a platform to integrate slum issues into the *kelurahan* planning as part of Indonesia's National Slum Upgrading program.

Overall progress towards development objective

The project is progressing satisfactorily towards achieving its project development objective (PDO). All *kelurahan* grants have been fully disbursed and utilized for the development of public infrastructure (roads, drainage, sanitation, water supply, housing improvements, etc.). As of June 2016, all indicators and cumulative achievements this quarter have continued to exceed their targets. Ninety-six percent of the infrastructure built is at least 20 percent less expensive than that built by non-community-based approaches (compared to the target of 80%), and more than 99.8 percent of infrastructure works have been evaluated as being of good quality (compared to the target of 70%). In terms of improving local governance, the cumulative achievement remains the same as the last quarter with 99 percent of complaints being resolved (compared to the target of 90%). The project continues to foster significant participation of the poorest/vulnerable groups and women in planning and decision making meetings (cumulative scores of 65% and 48%, respectively, compared to similar targets of 40%). In total the project reached 740,734 beneficiaries, of which 53 percent were women (compared to the target of 40%).

Three pilot programs under 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 approximately US\$22.3 million (94.89%) of the RETF grant (US\$23.5 million) has been disbursed. SELARAS has been implemented in 426 *kelurahans* in 12 cities/districts in the Aceh Province, while the ND has reached 15 *kelurahans* in five cities, and the Livelihoods Program has reached 8 *kelurahans* in two cities. The MIS indicates that a total of 224,600m of village roads, 166,000m of drainage, 11,000m of sewerage channels, 1,000m of water supply piping, 15,000 units of sanitation facilities, and 500 houses have been rehabilitated. The program continues to target the inclusion of poor women as project beneficiaries, as can be seen in the indicator on female participation in planning and decision making at village meetings, which, compared to the target 40 percent participation rate, reached a 48 percent participation rate.

Key developments during the quarter

SELARAS (gender empowerment)

- a. **Kelurahan Grants.** One-hundred percent of Selaras grants have been disbursed and utilized by 426 *kelurahans*. During this quarter BKMs, facilitators and city coordinator teams have finished all activities related to the BLM, including supervision and certification of built infrastructures, completion and verification of the financial reports of the Selaras projects, and synchronization of the manually collected data using the MIS data collection mechanism.
- b. **Gender Responsive Planning.** The involvement of women has improved in quality. Specifically, women are progressing from holding standard administrative positions to becoming more involved in the planning process with increased decision making. Four hundred and twenty six community development plans (CDPs) known as the *Perencanaan Jangka Menengah Program Penanggulangan Kemiskinan (PJM Pronangkis)* have already been evaluated as gender responsive, and accommodated into the Village Development Plan (RPJM Gampong/Village). Some examples of gender responsive design in the Aceh province include: embankments that

include access for mothers to reach the river; public toilets with high wall coverings for women; thermal bath facilities which now include areas for women; and water tanks which have a special area for women to wash. The project is more responsive to the needs of women and disabled people as a result of better involving these beneficiaries in the planning process.

- c. **Aligning Sectoral Programs with the Medium Term Development Plan of Local Government (RPJMD).** The local government's effort to align BKM sectoral programs (i.e., settlement and slum infrastructure) into the regular planning and budgeting processes continue to face significant challenges with only seven out of 12 *kabupatens* to date successfully aligning the BKM sectoral programs into the RPJM Gampong/Village and *Musrenbang* (Development Plan Consultation at Local level). Given the relatively small number of Urban *kelurahans* (20%) within the *kabupaten* areas, the local governments place a lower priority on integrating settlement issues into the preparation of the RPJM Gampong/Village. The provincial consultant created a set of monitoring instruments to rapidly document the varying degrees of capacity between participating villages. This innovation piloted in Aceh will be valuable to support the upcoming National Slum Upgrading Program (NSUP).
- d. **Support National Slum Upgrading Program (NSUP).** Selaras continues to support the preparation of the NSUP through/by providing facilitation to the local government and community to prepare Slum Improvement Action Plans (SIAPs) and Community Settlements Plans (CSPs); strengthening the implementation mechanisms and monitoring structures including slum databases and slum profiles; and capacity building for the consultants and community facilitators. The slum database and profiles at the village level have been fully completed. However, the slum profiles at the city level have experienced delays due to the NMC's revision of the slum profiles Standard Operational Procedures (SOP). As such, it is expected that the city level slum profiling will be finished in the next quarter (Q3/2016).
- e. **Evaluation.** An evaluation team has been hired by the PMU to evaluate access of poor women to infrastructure, economic and social activities, as well as the quality of female and male participation in Selaras. The survey will be carried out in three districts and three cities, covering 90 *kelurahans* and around 3,000 respondents in total. The final result is expected to be ready by October 2016 (Q4/2016).
- f. **MIS of Selaras.** The data completion and accuracy for the MIS for Selaras has been improved and now captures the actual progress in the field. The MIS now correctly captures 94 percent of fund utilization, relaying the needed data input for the KPI's.

Neighborhood Development (ND). One-hundred percent of the *kelurahan* grants for the ND program in 15 *kelurahans* have been disbursed and about 90 percent have been utilized. Each *kelurahan* has received IDR 1 billion, and this amount has been utilized for technical assistance and infrastructure investment in prioritized areas identified during a series of community meetings. ND infrastructure investments mostly go to roads, drainage, livestock facilities and economic facilities. Eighty-five percent of infrastructure investments are funded by the grants and 15 percent by local government and community contributions. The technical assistance includes urban planners and social marketing specialists at the *kelurahan* level that are hired by communities; formulation of CSPs and Detailed Engineering Designs (DEDs); capacity building activities, such as training, socialization, and study tours; and overhead costs for BKMs.

Sustainable Livelihoods. The Sustainable Livelihoods pilot still continues at the community group (KSM) level; however the inconsistent performance across groups requires continued assistance from facilitators. Most livelihood KSMS have already disbursed the second tranche of group loans. For the sites visited during the Urban site mission, the community groups that started as a group business have now progressed into individual businesses, demonstrating a greater variety of businesses on a larger scale, such as small grocery stores, accessories production businesses, and culinary production businesses.

Critical Challenges

- **Alignment of the slums program with the regular planning and budgeting of local government.** Alignment continues to pose a significant challenge compared to the previous Urban process as a number of local governments still do not regard it as a high priority. Despite the issuance of city-level regulation, the existence of a strong relationship between the BKM and village officials remains to be the key factor influencing successful integration. In order to push forward integration in the remaining local governments, the following actions will be taken:
 - **A workshop** is planned for the next quarter to share and document lessons learnt from successful integration of slum upgrading issues into the regular planning process (RPJM Daerah and RPJM Gampong/Village); and
 - **Strengthening and promoting BKM to village officials.** Training on participatory planning for village development using a gender and settlements improvements perspective will be now be extended to reach village-level officials as a strategy to influence their perspective on aligning gender and settlements or slum issues into the RPJM Gampong/Village.

Activities planned during the next quarter

- **City-level Slum Profile.** Ensure completion of city slum profiles in the MIS and utilization of baseline data by districts/municipalities as well as village governments for the National Slum Upgrading Program (NSUP) planning and budgeting process by the end of Q3/2016;
- **Inclusion of slum upgrading into RPJMD.** Continue to facilitate local governments and village governments with the integration of slum upgrading aspects in the regular planning process;
- **Workshops; and**
 - Conduct a workshop in August 2016 to collect and document experiences and lessons learnt from the successful integration processes already achieved in Aceh; and
 - Conduct a workshop in August 2016 to present interim findings of the Selaras program evaluation.
- Conduct a thematic mission on the financial management of BKMs in September 2016 (Q3/2016).

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%	+16%	80%	96%	+16%	
Min 90% of complaints are resolved	95%	≥90%	99%	+9%	90%	99%	+9%	
Project beneficiaries	54,400	32000	740,734	+708,734	32000	740,734	+708,734	
Of which 40% are female (beneficiaries)	0%	>40%	52.7%	+12.7%	>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%	64.6%	+24.6%	40%	64.6%	+24.6%	
Participation rate of women in planning and decision making meetings	47% (Urban III)	≥40%	47.9%	+7.9%	40%	47.9%	+7.9%	
Percentage of the adult population voting in BKM elections at the neighborhood level	31% (Urban III)	≥ 30%	32%	+2%	30%	32%	+2%	
Percentage of local governments provide	75% (Urban AF)	≥ 80%	100%	+20%	80%	100%	+20%	

required cost-sharing	& III)							
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%	+29.8%	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%	-40%	50%	10%	-40%	Bank supervision missions and evaluation studies list several reasons for not meeting the target including: high turnover of UPK (financial unit) staff (unpaid volunteers), a small capital base, which makes it difficult to raise additional capital, limited capacity of UPK staff and facilitators to provide adequate training and oversight, limited willingness of borrowers to repay funds (as investments in RLFs are often seen as central government grants, not as funds that need to be repaid), and no requirement for borrowers to save. ¹
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%	98.1%	+8.1%	90%	98.1%	+8.1%	
Percentage of BKM with	≥ 80%	≥ 80%	98.9%	+8.9%	80%	98.9%	+8.9%	

¹ It should be noted, however, that the provision of grants for RLFs was only one of three major means to achieve the PDO and the least significant in financial terms (accounting for 2% of the total project cost). Over 90% of total *kelurahan* grants were allocated to infrastructure and social services.

July 15, 2016

completed annual financial audits								
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