



1. Project Data

Project ID P154782	Project Name Indonesia Nat'l Slum Upgrading Project	
Country Indonesia	Practice Area(Lead) Urban, Resilience and Land	
L/C/TF Number(s) COFN-C1390,IBRD-86360,TF-B3857	Closing Date (Original) 31-Mar-2022	Total Project Cost (USD) 211,493,900.19
Bank Approval Date 12-Jul-2016	Closing Date (Actual) 30-Jun-2023	
	IBRD/IDA (USD)	Grants (USD)
Original Commitment	216,500,000.00	5,500,000.00
Revised Commitment	212,666,320.39	5,332,326.39
Actual	211,972,326.39	5,332,326.39

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2. Project Objectives and Components

a. Objectives

The Project Development Objective (PDO) as stated in the Loan Agreement (Schedule 1, page 7) and in the Project Appraisal Document (PAD, page 7) is:

" To improve access to urban infrastructure and services in targeted slums in Indonesia ".

The PDO was revised with the first project restructuring (discussed in section 2e).



" To improve access to urban infrastructure and services in targeted slums in Indonesia and to reconstruct and strengthen public facilities and settlements in selected disaster-affected areas ".

For the purpose of this Implementation Completion Results Review (ICRR), the PDO objectives are taken to be:

PDO 1. To improve access to urban infrastructure and services in targeted slums in Indonesia.

PDO 2. To reconstruct and strengthen public facilities and settlements in selected disaster-affected areas.

b. Were the project objectives/key associated outcome targets revised during implementation?

Yes

Did the Board approve the revised objectives/key associated outcome targets?

Yes

Date of Board Approval

12-Aug-2020

c. Will a split evaluation be undertaken?

Yes

d. Components

There were five components (PAD, pages 8-9):

1. Institutional and Policy Development. The estimated cost at appraisal was US\$7.00 million. The actual cost was US\$22.80 million. This component supported capacity building of the central government agencies responsible for managing the national slum upgrading program (the National Development Planning agency (BAPPENAS) and the Ministry of Public Works and Housing (MPWH). Activities in this component; (i) conducting institutional analyses at the national level to identify the nature of support needed for facilitating inter-agency coordination during program preparation, implementation and supervision; and (ii) strategic national upstream policy level studies to support the sustainability of the slum upgrading and prevention efforts.

2. Integrated Planning Support and Capacity Building for Local Government and Communities. The estimated cost at appraisal was US\$84.00 million. The actual cost was US\$139.50 million. This component planned to support capacity building of governments and communities in selected cities to design and implement slum improvements through slum improvement action plans (SIAPs) and community settlement plans (CSPs).

3. Urban Infrastructure and Services Investment Support. The estimated cost at appraisal was US\$1,578.00 million. The actual cost was US\$1879.30 million. There were two subcomponents: (a) improvement of primary and secondary infrastructure, site development and connecting infrastructure identified by the SIAPs in 50 cities. and (b) financing tertiary infrastructure (identified in CSPs) in about 2,500 urban wards based on community-driven development (CDD) approach.



4. Implementation Support and Technical Assistance. The estimated cost at appraisal was US\$74.00 million. The actual cost was US\$110.20 million. This component planned to provide technical support, advisory services, training and monitoring and evaluations for the Project Management Unit (PMUs) at the national level and the Project Implementation Units (PIUs) at the national and subnational levels.

5. Contingency for Emergency Response (CERC). The estimated cost at appraisal was US\$0.00 million. This provisional component planned to finance preparedness and rapid response to disaster emergency, and/or catastrophic events. This component was activated in the wake of the 2018 earthquake and tsunami in Central Sulawesi which resulted in 4,402 fatalities, 170,000 displaced people and US\$1.30 billion in economic losses. The actual cost of this component was US\$82.20 million.

e. Comments on Project Cost, Financing, Borrower Contribution, and Dates

Project cost. The estimated cost at appraisal was US\$1,743.00 million. The actual cost was US\$2,234.20 million due to the increased borrower contribution during implementation.

Financing. The Bank financing was estimated at US\$222.00 million (including US\$216.50 million from the International Bank for Reconstruction and Development (IBRD) loan and US\$5.50 million from a Trust Fund (TF) from the Government of Australia) administered by the Bank. US\$211.97 million was disbursed (US\$206.64 million of the IBRD loan and US\$5.33 of the TF). The Asian Infrastructure Investment Bank (AIIB) planned to provide co financing of US\$216.50 million at appraisal. Their actual contribution was US\$206.64 million. A total of about US\$9.15 million of the unutilized IBRD and AIIB loans were cancelled.

Borrower contribution. The borrower contribution of US\$1,307 million was planned at appraisal. The borrower contribution was more than planned at US\$1,815.58 million.

Dates. The project was approved on July 12, 2016, became effective on October 11, 2016 and was scheduled to close on 31, March 2022. The Mid-Term Review (MTR) was held on June 28, 2019. The project closed fifteen months behind schedule on June 30, 2023.

Changes. The project was restructured twice during implementation.

The main changes made **through the first project restructuring on August 12, 2020:**

- The CERC (Component five activity) was activated in the wake of a major natural disaster in Central Sulawesi, which required reallocation of resources between components and adjusting the original targets. Original targets were reduced to accommodate the new activity.
- With the activation of the CERC component, the PDO was amended to *"improve access to urban infrastructure and services in the targeted slums in Indonesia and to reconstruct and strengthen public facilities and settlements in selected disaster-affected areas"*. A new PDO indicator was added to measure achievement of the added outcome.
- The Ministry of Agrarian and Spatial Planning (MASP) was established as a new Project Implementation Unit (PIU).
- The closing date was extended by nine months from 31, March 2022 to December 31, 2022 for completing the activities that were delayed in the wake of the COVID-19 pandemic.



The main changes made through the **second project restructuring on December 7, 2022** are as follows:

- The closing date was extended by six months from December 31, 2022 to June 30, 2023 for completing the ongoing activities.
- US\$ 9.50million of financing that was not required for achieving the revised targets was cancelled.

Split rating. Although the project scope and ambition was expanded to include post-disaster reconstruction response, the original targets for the first objective were reduced rather significantly during the first project restructuring when US\$114.70 million of the Bank loan was disbursed. Therefore, this review is based on a split rating of the first objective. Even though 54% of the loan was disbursed by the first restructuring, the team clarified that the CERC was activated in November 2018, when the disbursement was US\$55.2 million. However, because of COVID the government deferred the restructuring to August 2020 so it could bundle additional restructuring items into one package instead of several restructurings. The IEG ICR review considers the date of activation of CERC as the point of split evaluation.

3. Relevance of Objectives

Rationale

Country context. Indonesia experienced rapid urbanization between 1990 and 2014. At appraisal, over half of Indonesia's population lived in urban areas. Of the 28 million of Indonesia's population classified as poor, ten million lived in urban areas and the total number of urban poor was expected to surpass rural poor by 2030.

Sector context. At appraisal, 20% of urban population lived in slums (defined as dense neighborhoods with irregular buildings). Over 50% of them were poor. The slums had substandard housing, inadequate access to basic urban infrastructure and services, poor health indicators and were vulnerable to natural disasters. The PDO of Improving access to urban infrastructure and services in slums in urban areas was important to the Government strategy.

Government strategy at appraisal. The PDO is well-aligned with the Government strategy. At appraisal, under Indonesia's National Medium Term Development Plan (*Rencana Pembangunan Jangka Menengah Nasional*, RPJMN) for 2015-2019, the Government committed to eliminating slums and achieving universal access to safe water and sanitation in urban areas by 2019. The Government established the National Slum Upgrading Program *Kota Tanpa Kumuh* (known in Indonesia as KOTAKU), as an integrated national collaborative platform financed by central and local governments, the private sector, communities and donors.

Government current Strategy. The RPJMN for 2020 - 2024, articulated the need for focusing on "*Strengthening infrastructure to support economic development and basic services*", and continuing the Government's slum agenda by setting a new target of 10,000 (ha) of slum alleviation. The plan also highlighted the need for "*Building the environment, enhancing disaster resilience and climate change*".

World Bank (WB) strategy. The PDO is consistent with the WB strategy for Indonesia. At appraisal, the Bank's 2015 Systematic Country Diagnostic (SCD) identified infrastructure gaps (roads, water and sanitation in urban areas) as undermining Indonesia's productivity, growth and poverty reduction efforts.



The SCD also recognized that eradicating poverty and increasing shared prosperity in Indonesia will depend on the country's ability to close its large infrastructure gaps through efforts to enhance the livability of its cities.

The WB's Country Partnership Strategy (CPF) for 2016- 2020 articulated the need for eradicating poverty and increasing shared prosperity. The CPF also recommended that projects in Indonesia shift from narrow sector interventions to ambitious approaches with national impact, that could leverage financing from the private sector and from external donors.

WB Current strategy. The PDO is well-aligned with the Country Partnership Framework (CPF) for 2020 - 2025. The second engagement area of the CPF underscored the need for *"improving infrastructure" and building sub-national capacity to deliver services"*. The CPF highlighted the need for strengthening multi-hazard disaster resilience through disaster risk reduction investments, resilient post-disaster recovery, community preparedness and mainstreaming climate change resilience in sector investments. The PDO is also well-aligned with the recommendations of the Indonesia Country Climate Development Report (2023). This report identified the need for improving urban resilience and disaster/climate risks.

Previous Bank experience. The Bank has since 1974 financed community-based operations in urban poverty, slum upgrading and post-disaster reconstruction in Indonesia. The Bank financed the first slum upgrading operation in 1974, followed by Urban Poverty Projects and the National Program of Community Empowerment in Urban Areas (NCEP projects between 2008-2018). The urban projects included community driven development (CDD) approaches.

This project retained the CDD elements that were successful in previous Bank-financed urban projects. However, the project moved towards a more ambitious city-level upgrading agenda that differed from previous urban projects in the following aspects; (i) The project introduced city-wide planning approaches for slum upgrading; (ii) The project activities aimed at better connecting slums with city-level services and large-scale trunk infrastructure in the vicinity of slums; (iii) The project placed sub-national governments at the center of planning and implementation; (iv) The project activities focused on coordination and leveraging funds across levels of government; and (v) The project focused on executing the project at a national scale.

The project activities which aimed at improving the access to urban infrastructure and services in targeted slums were likely to contribute to the long-term development objectives of improving the conditions of the urban poor and people living in slums. The project activities were relevant to the Government strategy and reflected the Bank's shifting stance from narrow sector interventions in Indonesia to ambitious approaches with national impact. The PDO was pitched at an appropriate level. The relevance of the PDO is rated as High.

Rating

High

4. Achievement of Objectives (Efficacy)



OBJECTIVE 1

Objective

PDO 1. To improve access to urban infrastructure and services in targeted slums in Indonesia.

Rationale

Theory of Change. The project activities aimed to improve access to urban infrastructure and services in slums through capacity building of the national and subnational entities and secondary and tertiary infrastructure investments. The outputs of inputs such as operationalizing the national level alleviation task force, establishing a slum database, preparing Slum Improvement Action Plan (SIAPs) that were approved by the Mayor/Regent, completing the Community Settlement Action Plans (CSAPs) and consolidating them with SIAPs and ensuring that local governments have a proper monitoring structure, together with secondary and tertiary infrastructure investments in cities, were likely to contribute to improving access to urban infrastructure and services in the targeted slums. The causal links between the inputs, outputs and outcomes were logical. The outcomes were monitorable. The outcomes were predicated on the assumption that local governments and community institutions participate in planning, implementation and operational maintenance.

Outputs (ICR. page 16).

- The national-level task force for slum alleviation was established and operational as targeted. A slum profiling database was established in collaboration with the Central Statistics Agency (*Badan Pusat Statistik*, BPS) as targeted to provide updates on slum profiles at the national level. The updates were based on a BPS annual survey and ranking of slums by measuring the severity of living conditions in living conditions in slums.
- 93% of the local governments had established, funded and maintained functional task force, exceeding the target of 90%.
- 94% of local governments completed Slum Improvement Action Plans (SIAPs), exceeding the target of 90%. These plans were approved by the mayor/regents. All *Kelurahans* (urban wards) completed community settlement plans (CSPs) that were consolidated with the SIAPs, exceeding the target of 90%.
- 37 cities completed 80% of primary and secondary infrastructure investments connected to slum areas, exceeding the revised target of 30 (although short of the original target of 40).
- 2,507 wards completed 32,678 tertiary infrastructure works, exceeding the target of 2,500.
- Quality standards were achieved by 97% of the works financed under the project, exceeding the target of 90%.
- 84% of the participating local governments established a functioning project monitoring structure for providing regular information on project implementation, exceeding the target of 70%.
- 100% of complaints received were resolved, exceeding the target of 90%.
- 18,000 kilometers (km) of roads were built under the project. 154,000 units of solid waste facilities were built for the benefit of the slum population. A total of 9,500 km of drainage improvements were made under the project. (Targets were not specified for these indicators).
- Over 33,000 participants from local task forces were trained through the 15 training sessions and 500,000 community members were trained to prepare subproject proposals and accountability reports under the project. Targets were not specified for these indicators.



- The project leveraged US\$14.00 million from the private sector, with US\$0.85 million from commercial banks and US\$48.00 million from communities. There was no target for this indicator.

Outcomes.

The outputs described above were expected improve access to urban infrastructure and services (water, sanitation, solid waste collection and improved drainage) in the targeted slums.

- 5.1million people were provided with access to all-season roads within a distance of 500 meters (m) from their homes, exceeding the original target of 3.7million
- 968,225 people benefitted from improved water resources, exceeding the original target of 800,000 respectively.
- 938, 172 people had improved sanitation, short of the original target of 1,200,000.
- 2,538,372 people were provided with regular solid waste collection , exceeding the original target of 1,500,000.
- 3.8 million benefitted from drainage improvements, exceeding the original targets of 3.6 million respectively..
- A total of 11,382 hectares (ha) of slum areas were alleviated, exceeding the original targets of 7800 ha.
- 8.7 million people benefitted from improved infrastructure under the project, short of the original target of 9.5 million . 4.4 million of the beneficiaries were women. The conclusions of an evaluation conducted at the end of the project are as follows: (i) Overall, 95% of the respondents were satisfied with the processes, quality and functionality of the infrastructure, exceeding the target of 80%; (ii) Low-income groups and women reported a high degree of satisfaction (95.4% and 95.7%); and (iii) 80% of the respondents expressed satisfaction with the access to markets, schools, transportation and public health facilities in the project-intervened areas.

Efficacy of this objective is rated as Substantial. There were minor shortcomings in achievement of some targets (people benefitting from improved sanitation, as well as improved infrastructure under the project), .

Rating

Substantial

OBJECTIVE 1 REVISION 1

Revised Objective

Although the PDO did not change, some original targets were reduced.

Revised Rationale

Outputs.

The outputs described above were relevant after the project restructuring.



The outputs described above were expected improve access to urban infrastructure and services (water, sanitation, solid waste collection and improved drainage) in the targeted slums. Some of the outcome targets were reduced due to reallocation of resources due to the activation of CERC.

- 5.1million people were provided with access to all-season roads within a distance of 500 meters (m) from their homes, exceeding the original target of 3.7million
- 968,225 people benefitted from improved water resources, exceeding the revised target of 560,000.
- 938, 172 people had improved sanitation, exceeding the revised target of 800,000.
- 2,538,372 people were provided with regular solid waste collection , exceeding the revised target of 1,500,000.
- 3.8 million benefitted from drainage improvements, exceeding the revised target of 2.32 million.
- A total of 11,382 hectares (ha) of slum areas were alleviated, exceeding the revised target of 6,360.
- 8.7 million people benefitted from improved infrastructure under the project, exceeding the revised target of 7 million. 4.4 million of the beneficiaries were women. The conclusions of an evaluation conducted at the end of the project are as follows: (i) Overall, 95% of the respondents were satisfied with the processes, quality and functionality of the infrastructure, exceeding the target of 80%; (ii) Low-income groups and women reported a high degree of satisfaction (95.4% and 95.7%); and (iii) 80% of the respondents expressed satisfaction with the access to markets, schools, transportation and public health facilities in the project-intervened areas.

Since most of the revised targets were exceeded, the efficacy of the revised objective is rated as High.

Revised Rating

High

OBJECTIVE 2

Objective

There was no objective 2 under the original project

Rationale

The project did not have a second objective at appraisal but one was added at the second project restructuring.

Rating

Not Rated/Not Applicable

OBJECTIVE 2 REVISION 1

Revised Objective

PDO 2. To reconstruct and strengthen public facilities and settlements in selected disaster-affected areas.

Revised Rationale



Theory of Change. The project activities aimed to reconstruct in selected disaster-affected areas in the wake of the 2018 earthquake and tsunami in Central Sulawesi. The outputs of activities such as constructing housing, water supply and sanitation facilities, schools and public facilities with resilient standards were likely to contribute to reconstruction and strengthening of public facilities and settlements in disaster-affected areas. The causal links between the inputs, outputs and outcomes were logical. The outcomes were monitorable. The outcomes were predicated on the assumption that land is available for new housing sites, settlement of infrastructure and public buildings in the selected disaster-affected areas.

Outputs (ICR, pages 18- 19).

The project activities aimed to support post-disaster recovery in the communities in Palu, Dongala and Sigi in Central Sulawesi.

- 1,679 houses were built to resilient standards and new technologies (using modular prefabricated instant housing), exceeding the target of 1,600. All the houses had basic infrastructure (water, electricity, sanitation and roads).
- All water supply facilities (reservoirs, distribution lines and household connection) were completed, exceeding the target of 65%.
- All sanitation and solid waste facilities in 12 resettlements were completed, exceeding the target of 75%.
- All the 58 education facilities (13 for kindergartens, 25 for primary education, 19 for higher education and the Tadulko University building in Palu) were rehabilitated to resilient standards, exceeding the target of 75%.
- All health facilities and public service buildings were rehabilitated to resilient standards, exceeding the target of 75%.
- The project delivered a Universal Accessibility Toolkit for guidance as targeted for reconstruction in Central Sulawesi. The toolkit integrated universal accessibility features such as through ramps, wheelchair access, wider doorways, handrails and accessible restrooms.

Outcomes.

The outputs described above were expected to increase the number of direct project beneficiaries in the areas affected by the natural disasters.

- 88,848 people (including 44,416 females) directly benefitted from the new housing, settlement infrastructure and public buildings, far exceeding the target of 40,000 beneficiaries (including 20,000 females).

Efficacy of this PDO is rated as High

Revised Rating
High



OVERALL EFFICACY

Rationale

Efficacy of the first PDO is rated as substantial before the project restructuring since there were moderate shortcomings in the achievement of some targets. There was no objective two under the original project.

Overall Efficacy Rating

Substantial

OVERALL EFFICACY REVISION 1

Overall Efficacy Revision 1 Rationale

Efficacy of the PDO is rated as High after the restructuring since the targets for both the objectives were met or exceeded.

Overall Efficacy Revision 1 Rating

High

5. Efficiency

Economic analysis. A cost-benefit analysis of infrastructure investments (accounting for over 90% of the project cost) was not conducted at appraisal, as the sub-projects were not known. The ICR (para 43) noted that this project was prepared shortly after the completion of the previous Bank-financed urban projects, which demonstrated the value for money of similar community-level investments. The PAD indicated that an economic analysis would be undertaken of the investments for the first ten approved locations, but this could not be carried out partly due to the disruptions in the wake of the COVID-19 pandemic.

The ICR (para 44) provides additional information on efficiency. One, at appraisal, the cost of component three activity (urban infrastructure and services investment support) was estimated at US\$1,578.00 million for alleviating 7,800 ha of slums, that is, an average cost of about US\$202,000 per ha. The completion cost of this activity, which alleviated 11,382 ha of slums was US\$1,879.00 million. The average cost of this activity was 20% lower than envisaged at appraisal at US\$165,000 per ha. Two, the economies of scale enabled the project to channel resources into investments, rather than for project management. The share of the total budget for project management was 12.7%. Although the share was higher than the appraisal estimate of 9.5%, this was lower as compared to many other Community-Driven Development (CDD) programs and partly due to the economies of scale that were possible in the context of the overall program cost of over US\$2.00 billion (ICR, para 45): and three, at appraisal it was estimated that combined World Bank and AIIB loan of US\$433.00 million would support counterpart funding of US\$1,310.00 million. At completion, the loans leveraged counterpart funds of US\$1,819 million that were channeled through the project's robust technical, fiduciary, environmental and social and quality assurance systems.



In June 2023, the Ministry of Public Works and Housing (MPWH) published a study that estimated the Economic Internal Rate of Return (EIRR) at 14.6% at a discount factor of 8.07%, based on the application of unit benefits in all slum areas.

Operational issues during implementation. The project closed 15 months behind schedule. This extension of the closing date was due to adverse exogenous factors such as the restrictions in the wake of the COVID-19 pandemic and the major Sulawesi tsunami and the earthquake in 2020 that triggered the CERC component (component four activity). The post-disaster reconstruction activities were however completed expeditiously in three years.

The ICR provides good unit cost analysis and EIRR. However, since there was no ex-ante economic analysis to compare the ex-post, overall efficiency is rated as substantial.

Efficiency Rating

Substantial

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal		0	0 <input type="checkbox"/> Not Applicable
ICR Estimate	✓	14.60	0 <input type="checkbox"/> Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

The relevance of the PDO to the Government strategy and the Bank strategy is High. Efficiency is rated as Substantial. Efficacy is rated as substantial before the project restructuring and high after the project restructuring.

The narrowing of the original project scope for the first objective during the first restructuring due to the activation of the CERC necessitates a split assessment of the project's outcome which is given in the table below. The overall outcome rating of the project is Highly Satisfactory.

	Original Objectives	Revised Objectives
Relevance of Objectives	High	
Efficacy	Substantial	High
Efficiency	Substantial	
Outcome Rating	Satisfactory	Highly Satisfactory
Outcome Rating Value (a)	5	6



Amount Disbursed (US\$ million)	55.2	156.7
Disbursement (%) (b)	26.1%	73.9%
Weight Value (a)x(b)	1.3	4.44
Total weights	5.74 (rounds to 6)	
Overall Outcome Rating	Highly Satisfactory (6)	

a. Outcome Rating
Highly Satisfactory

7. Risk to Development Outcome

Technical risks. The ICR (para 94) noted that based on the experiences with previous Bank-financed projects, most of the secondary and tertiary infrastructure built under the project will be relatively easy to maintain. One exception is the water supply and community sanitation facilities that will require the local institutions or communities to do operation and maintenance (O&M) which would require budget allocation.

Financial risks. The ICR (para 95) observed that Beneficiary and Maintenance Groups (KPPs) were established as community-level institutions in Indonesia to operate and maintain completed community infrastructure. However, 41.5% of the KPPs were not effective due to financial constraints and limited bookkeeping capabilities. There is moderate risk to the sustainability of development outcomes that KPPs could be undermined without financial and capacity building support.

Political risks. The risk to sustainability of development outcome due to political risk is low as the central government and most local governments are committed to the objective of slum alleviation.

Exposure to Natural Disasters. There is moderate risk, given that Indonesia is prone to natural disasters.

8. Assessment of Bank Performance

a. Quality-at-Entry

The Bank prepared this project based on the experiences from previous Bank-financed urban projects in Indonesia and from the previous Bank-financed slum upgrading projects in Philippines, Vietnam and Brazil. Lessons incorporated at design included: (i) investments in connections to primary and secondary infrastructure, rather than focusing only on tertiary infrastructure; (ii) ensuring that infrastructure investments are in line with long-term city planning; and (iii) community participation and consultation. The analytical underpinnings of this project were sound and based on the Bank's SCD of 2015. The Bank prepared this project in close collaboration with the Asian Infrastructure Investment Bank (AIIB) who were providing co financing for the project.

Given that Indonesia is prone to natural disasters, the project design included a zero-dollar contingency component for emergency response, which be activated in the event of a natural disaster. Activation of this component proved to be useful in the wake of the natural disaster in 2020.



The Ministry of Public Works and Housing (MPWH) was overall in charge of project coordination. A Project Management Unit (PMU) established under the Directorate General of Human Settlements (DGHS0 in MPWH) was in charge of day-to-day implementation. The implementation arrangements were appropriate as the project performance was not compromised by the implementation arrangements made at appraisal.

The Bank identified several risks at appraisal including substantial risk with the implementation capacity. The overall project risk was rated as moderate. The preparation team incorporated several mitigation measures. These measures were appropriate, given that the project performance was not undermined by the risks identified at appraisal.

The arrangements made at appraisal for monitoring and evaluation, safeguards and fiduciary compliance were appropriate (discussed in sections 9 and 10).

There was one shortcoming. There was no economic analysis at appraisal. Even if projects were not identified, given that Indonesia has had extensive experience of CDD infrastructure projects, the preparation team could have used some benchmarks or subsequently done once the ten investments were identified.

Quality-at-Entry Rating Satisfactory

b. Quality of supervision

Fourteen Implementation Status and Results Reports (ISRs) were archived over the project lifetime of about eight years, implying an average of twice a year Bank supervision missions. The Bank maintained a strong Jakarta-based task team and continuity of leadership was maintained, with two task team leaders (TTLs) during the life of the project. The supervision team maintained continuous engagement with the Ministry of Public Works and Housing (MPWH) to address implementation issues and support the policy agenda. The Mid-Term Review (MTR) held in June 2019 helped in identifying and addressing key implementation challenges such as the quality of planning documents and delays in land acquisition.

During implementation, the Bank obtained trust fund support for innovations in water and sanitation services in slums, technical support to mainstream universal access principles into slum and post-disaster operations and for preparing a report highlighting the history of Indonesia's upgrading experience over the decades.

The Bank actively supported the Government to adjust project design in response to changing circumstances. In the wake of the natural disaster, the Bank aided by activating the contingency for emergency response component and reallocated funding between components to finance this activity. The good working relationship between the Bank and the Government enabled swift response to the natural disaster and development of new remote supervision approaches during the COVID -19 pandemic. During the pandemic, the Bank helped pivot activities for cash-for-work programs to support stimulus spending. The support provided by the team aided in safeguards and fiduciary compliance (discussed in section 10).



In sum, the quality of supervision is rated as Highly Satisfactory.

Overall Bank performance is rated as Satisfactory.

Quality of Supervision Rating

Highly Satisfactory

Overall Bank Performance Rating

Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

The results framework was robust and based on a comprehensive baseline survey conducted by the Ministry of Public Works and Housing (MPWH) to identify slums across all urban wards in 269 cities. This formed the basis for identifying demands, costs and appropriate indicators and targets at appraisal. The key outcome indicators were appropriate for monitoring project performance.

The key outcome indicators were specific, measurable and attributable to the project activities (and did not require mid-course changes). The indicators could be easily measured by the web-based Monitoring Information System (MIS) that was developed and tested under a previous Bank-funded urban project in Indonesia. This system was accessible to the public. The system was augmented by a complaint handling system relating to safeguards. The budget allocated adequate funds for the monitoring plan.

For the activity that was activated following the natural disaster in 2020, the targets were set based on the results of the Post-Disaster Needs Assessments.

b. M&E Implementation

The National Management Consultant (NMC) was responsible for monitoring, under the close supervision of the Project Management Unit (PMU). The monitoring implemented through the MIS included spot-checks and surveys were carried out during project implementation to complement the data collected by the MIS. The PMU developed standard operating procedures for data collection, verification and validation to improve timelines and data accuracy.

c. M&E Utilization

The M&E system was utilized to monitor progress and support policy making. The monthly progress reports generated by the MIS helped in identifying regions where implementation was subject to delays. The web-based MIS also proved useful for remote monitoring of progress when field visits were not possible because of the COVID-19 pandemic-related travel bans.



In sum, overall M&E is rated as Substantial.

M&E Quality Rating

Substantial

10. Other Issues

a. Safeguards

The Project was classified as a Category B (partial assessment) project under the World Bank Safeguard policies. Four safeguard policies were triggered at appraisal; Environmental Assessment (OP/BP 4.01); Physical Cultural Resources (OP/BP 4.11); Indigenous Peoples (OP/BP 4.10); and Involuntary Resettlement (OP/BP 4.12). (PAD, page xi).

Environmental Assessment and Physical Cultural Resources. The potential adverse environmental impacts in slum areas were expected to be low to medium and site-specific (PAD, para 80). An Environmental and Social Management Framework (ESMF) was prepared and publicly-disclosed at appraisal to address issues pertaining to these safeguards (PAD, para 84).

The (ICR, para 82) noted that environmental management was rated as satisfactory throughout implementation, with no significant issues. There were no issues with the safeguards on Physical Cultural Resources.

Involuntary Resettlement. Some land acquisition was expected for constructing connective infrastructure in slum areas (PAD, para 82). A Land Acquisition and Resettlement Plan (LARAP) was prepared and publicly-disclosed at appraisal to address issues pertaining to involuntary resettlement (PAD, page 63).

The project complied with the Bank's social safeguard policies. 2,850 households were affected. This included 2,360 households without displacement and 49 households with physical displaced. The affected people were compensated. In all, 200,942 grievances were received. The grievances were resolved within the stipulated period.

Indigenous Peoples. Of the list of potential 154 participating local governments identified at appraisal, there were eight regencies/cities with indigenous peoples. An Indigenous Peoples Plan (IPP) was prepared at appraisal to address issues pertaining to indigenous peoples.

There were no issues with the safeguards on indigenous people.

b. Fiduciary Compliance

Financial management. The Bank conducted an assessment of the financial management arrangements of the project. The assessment identified the weak management capacities of the sub-national agencies as a risk. The Bank incorporated measures at appraisal to mitigate this risk. The ICR (para 85) noted that on balance, the project complied with financial management requirements. Clean audit reports were submitted



in a timely fashion. Some outstanding ineligible expenditures, amounting to US\$116,000 had not been fully refunded from the 2022 audit. The ICR noted that is expected to be completed by December 2024. Financial Management was rated as Moderately Satisfactory at project closing.

Procurement management. The Bank conducted a procurement assessment at appraisal. Weak management capacity at the sub national level was identified as a risk. The Bank incorporated measures at appraisal to mitigate the risks. The ICR (para 86) noted that the project complied with the World Bank's procurement guidelines. Procurement management was rated as Satisfactory at project closing..

c. Unintended impacts (Positive or Negative)

There were no unintended impacts.

d. Other

11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Highly Satisfactory	Highly Satisfactory	
Bank Performance	Highly Satisfactory	Satisfactory	There were minor shortcomings at quality at entry.
Quality of M&E	Substantial	Substantial	
Quality of ICR	---	Substantial	

12. Lessons

The ICR draws the following main lessons from the experience of implementing this project, with some adaptation of language.

1. Effective planning tools and technical capacity on the ground may raise the potential for success of complex integrated infrastructure projects. This project aimed at slum upgrading operations with national coverage. The activities required a network of community facilitators with technical skills and planning tools. The project benefitted from the earlier urban programs in Indonesia, which left a legacy of tested project architecture, an effective Management Information System (MIS) and a network of skilled field-based facilitators.

2. The sustainability of slum alleviation agenda may require a long-term incremental and adaptive approach. The project achieved its objectives by gradually shifting the responsibilities to local governments. The lesson from this project is that while the central government still has a



critical role in sector policy, strategy and monitoring, assigning the responsibilities to local governments may raise the potential for sustainable outcomes.

3. Community participation can help in enhancing ownership. This project employed a participatory approach, by allowing communities to engage actively in the decision-making process during planning, designing and constructing infrastructure in slums. This inclusive approach ensured that the diverse needs of the community were addressed.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR is clear and well-written. The theory of change presented in the text clearly shows the causal links between project activities (inputs), outputs and the outcomes that were attributable to the project activities. The ICR provides enough evidence to assess project performance. The ICR acknowledges that a traditional economic analysis that was planned at appraisal, could not be undertaken due to the physical restrictions in the wake of the COVID-19 pandemic. However, the ICR provides convincing and credible evidence from other sources to show that the project demonstrated value for money. The ICR draws good lessons from the experience of implementing this project.

There was one shortcoming. Given that the targets for the first PDO were reduced substantially with the project restructuring, the ICR should have conducted a split rating of objective.

a. Quality of ICR Rating Substantial