Report Number : ICRR0024535

1. Project Data

Project ID	Program Name	
P160665	Social Assistance Reform Program	
Country	**Practice Area(Lead)**	
Indonesia	Social Protection & Jobs	
L/C/TF Number(s)	**Closing Date (Original)**	**Total Program Cost (USD)**
IBRD-87500,IBRD-90910	30-Jun-2021	307,600,000.00
Bank Approval Date	**Closing Date (Actual)**	
09-May-2017	30-Jun-2024	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	200,000,000.00	0.00
Revised Commitment	307,600,000.00	0.00
Actual	307,600,000.00	0.00

Prepared by	Reviewed by	ICR Review Coordinator	Group
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2. Program Context and Development Objectives

a. Objectives

According to the Loan Agreement (p. 6), the original project development objectives (PDOs) were "to support conditional cash transfer (CCT) program coverage expansion, strengthen its delivery system, and improve its coordination with other complementary social programs."

At a 2020 restructuring and additional financing (AF), the PDOs were revised to "support the CCT program coverage expansion, strengthen the Social Registry and delivery systems of the CCT program and the Social and Economic Empowerment (SEE) program, and improve the coordination between these programs and other complementary social programs" (Loan Agreement for the AF, p. 3).

As the AF and revised objectives represented an expansion of the project's scope into several additional results areas, a split rating is not warranted.

b. Were the program 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
06-Jul-2020

c. Will a split evaluation be undertaken?
No

d. Components

The original Program for Results (PforR) covered three Results Areas (RAs), with some modifications to the originals and two additional RAs added at the 2020 AF. The five RAs as of the AF through project closing were:

RA 1: Strengthening the *Program Keluarga Harapan* (PKH, or Family Hope Program, Indonesia's conditional cash transfer program) delivery system to improve efficiency, transparency, and accountability, while leveraging it for the COVID-19 response. Activities included providing emergency cash transfers to PKH households, reassessing household socio-economic status to improve targeting, and enhancing career development and performance management for PKH staff.

RA 2: Improving access to basic social services and complementary programs for PKH beneficiaries, including food assistance through Program Sembako (Indonesia's non-cash food assistance program), health insurance fee waivers, and expanded Family Development Sessions (FDS) on topics like health, education, child protection, and microfinance.

RA 3: Expanding the PKH program's coverage by increasing the number of families supported and extending the program to remote areas.

RA 4: Strengthening PKH beneficiaries' access to the SEE program, which combines cash grants and business development assistance for poor and vulnerable households. Activities included strengthening the SEE management information system and enhancing coordination.

RA 5: Supporting the inclusion of poor and vulnerable populations in the *Daftar Terpadu Keshejahteraan Sosial* (DTKS, or Integrated Social Welfare Database) and expanding its use for disaster response.

Activities focused on improving the quality, completeness, and timeliness of DTKS data and ensuring its interoperability with other systems.

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

The program, supported by a US$200 million loan from the International Bank for Reconstruction and Development, was approved on May 9, 2017, with AF of US$400 million approved on May 15, 2020. The AF, which extended the program's closing date by three years (from June 30, 2021, to June 30, 2024) scaled up support to the PKH, strengthened its delivery systems, and enhanced integration of the broader social assistance system, including emergency response to COVID-19. The total commitment was therefore US$600 million. During AF preparation, the government also requested a US$100 million advance payment to complement government funding for activities toward achieving disbursement-linked indicators (DLIs), which would be recovered against verification of future DLI achievements. This advance payment was made in September 2020.

Following stalled implementation beginning in mid-2021, the program was restructured in May 2024 for a loan cancellation of US$179 million, tied to an undisbursed balance of the AF at that time. Following the closing of the AF on June 30, 2024, the outstanding advance of US$100 million was cleared using advanced funds from other PforR operations per a Ministry of Finance (MoF) request to the Bank dated August 19, 2024 (as MoF did not have established accounting procedures for repayment of an advance in the event of early cancellation or suspension). This resulted in an undisbursed balance after closing of $100 million (US$279 million undisbursed in total).

3. Relevance

a. Relevance of Objectives

Rationale

While Indonesia had made significant strides in achieving middle-income status and reducing poverty between 1996 and 2016, the country continued to grapple with high inequality and low human development indicators. Around 24 percent of the population remained vulnerable due to limited access to productive employment and high exposure to covariate shocks, including climate-induced disasters. Child malnutrition was a major concern, with 37 percent of children stunted and 12 percent wasted (ICR, p. 1).

To address poverty and promote human capital development, the government introduced the *Program Keluarga Harapan* (PKH), a conditional cash transfer initiative aimed at smoothing household consumption while encouraging investments in children’s health and education through co-responsibilities. Initially launched in seven provinces in 2007, PKH was expanded nationwide by 2016, eventually covering nearly six million households (ICR, p. 2). Recognizing its potential to tackle Indonesia’s key development challenges, the World Bank supported the program through this PforR. These priorities were later complemented by AF aimed at enhancing the quality of human capital among the poor and vulnerable, and empowering them to improve their income-generating capacity, particularly through a focus on graduation from poverty.

At both appraisal and closing, the World Bank's support was aligned with the government's Vision 2045 and the medium-term development plans (Rencana Pembangunan Jangka Menengah Nasional, RPJMN) for 2015–2019 and 2020–2024. Vision 2045 sets an ambitious path—to achieve high-income status and reduce poverty to nearly zero—that requires significant investments in human capital and social protection. The RPJMN recognized the need to develop the social protection system comprehensively for all citizens and to support special programs for the poor by improving targeting accuracy. The integration of family-based social assistance schemes for poor and vulnerable families through CCTs was one of the key strategies in the RPJMN 2015–2019. In turn, the Ministry of Social Affairs' (MoSA's) Strategic Plan (Renstra) for the period 2015–19 also put the focus on PKH as a key instrument for poverty alleviation.

The PforR was also consistent with the World Bank's Country Partnership Frameworks (CPFs) for FY16–20 and FY21–25, both of which emphasized strengthening social protection systems. It supported the FY16–FY20 CPF's Engagement Area (EA) 4: Delivery of Social Services and Infrastructure; EA 6: Collecting More and Spending Better; and Supporting Beam (SB) II: Shared Prosperity, Equality, and Inclusion. The program also contributed to the achievement of the CPF objective indicators on (a) percentage of mothers and children receiving maternal and child health and nutrition services in community health centers and their networks in targeted areas (EA 4); (b) central government spending on health, capital expenditure, and social assistance (EA 6); (c) number of households benefiting from PKH, disaggregated by gender (SB II); and (iv) increase in the number of social assistance beneficiaries receiving payments digitally (SB II). Moreover, with a strategic focus on delivery systems strengthening, promotion of human capital, and increased coordination across social assistance interventions, the program was aligned with the World Bank's Social Protection and Labor Strategy 2012–2022. The program supported EA 3 (Nurture Human Capital) of the FY21-25 CPF, specifically its third objective, to strengthen the inclusiveness and responsiveness of social and worker protection, contributing to achievement of its outcome indicators on poor and vulnerable households receiving social assistance and population registered in the Social Registry.

The 2020 AF expanded the PDOs to reflect a strategic shift in government priorities, particularly in response to the COVID-19 crisis. The inclusion of the SEE program and the DTKS modernization reflected an increased focus on economic empowerment and adaptive social protection, in line with Indonesia's broader human capital agenda and resilience needs.

However, beginning in 2021, a shift in MoSA leadership led to changes in institutional priorities for the short run that deprioritized several program objectives, particularly those related to systems strengthening and coordination. As noted in the ICR (p. 14), this reduced the alignment of the PDOs with government short-term strategy during the final years of implementation, which must be factored into the relevance assessment across the full program lifecycle.

Rating

High

b. Relevance of DLIs

DLI 1

DLI

DLI 1: PKH Program Management Information System (PMIS) enhancements implemented ($10M)

Rationale

Strengthening the PKH Management Information System (PMIS) was central to improving delivery system efficiency and transparency. This DLI aligned directly with RA 1's aim of strengthening delivery systems, including digital tracking and verification of beneficiary compliance. It contributed to PDO 2 (strengthened delivery systems).

Rating

High

DLI 2

DLI

DLI 2: Share of sub-districts with PKH beneficiary families having switched to cashless payment methods ($30M)

Rationale

The shift to cashless payments reflected efforts to improve transparency and reduce leakage in transfer delivery. This DLI was directly relevant to PDO 2 and was one of the core outcome indicators for delivery system modernization under RA 1.

Rating

High

DLI 3

DLI

DLI 3: An enhanced grievance redress system (GRS) rolled out after evaluation of pilot ($10M)

Rationale

The enhanced grievance redress system (GRS) was aimed at increasing accountability and responsiveness to complaints, supporting the transparency pillar of RA 1. It was relevant to PDO 2 (strengthened delivery systems), though its contribution was likely limited after responsibility for GRS was moved in 2021 from MoSA's Directorate of Family Social Security to a national online system. According to the ICR (p. 18), limited digital literacy hampered access to this system, and the role of PKH facilitators was unclear.

Rating

Modest

DLI 4

DLI

DLI 4: Share of PKH beneficiary families for which verification of their respective conditionality is recorded in PKH PMIS ($30M)

Rationale

Monitoring conditionalities (e.g., school attendance, health visits) is fundamental for accountability and effectiveness of CCTs. This DLI supported RA 1 and contributed directly to PDO 2 by improving compliance data quality.

Rating

High

DLI 5

DLI

DLI 5: Share of PKH beneficiaries receiving other social assistance program benefits ($30M)

Rationale

This DLI supported the RA of enhancing complementarity between PKH and other programs. which was reflected in PDO 3. It was also a core PDO outcome indicator for integration of benefits.

Rating

High

DLI 6

DLI

DLI 6: Share of PKH beneficiary families whose Unique Identity Numbers (NIK) numbers have been verified ($10M)

Rationale

Verification of NIK (Unique Identity Number) allowed for accurate identification of PKH beneficiaries across government systems. This enabled better targeting, integration with services like health insurance and education, and streamlined data interoperability, advancing PDO 3 by improving program coordination.

Rating

High

DLI 7

DLI

DLI 7: Number of PKH mother groups that have received FDS from trained facilitators ($40M)

Rationale
Family development sessions (FDS) equip beneficiaries with knowledge on nutrition, education, and financial literacy. This DLI focused on expanding the reach of trained facilitators to deliver sessions effectively, enhancing service utilization and supporting PDO 3 by improving beneficiaries' capacity to engage with social programs.

Rating
High

DLI 8

DLI
DLI 8: Total number of PKH beneficiary families ($20M)

Rationale
This DLI tracked expansion of PKH coverage in terms of beneficiary numbers. By increasing outreach to poor households, it aligned directly with PDO 1, which focused on expanding cash transfer coverage. It reflected the government’s ongoing commitment to the program’s scale-up.

Rating
High

DLI 9

DLI
DLI 9: Ratio of PKH beneficiary families to targeted families in remote/border areas ($20M)

Rationale
Targeting remote and border areas addressed geographic inequities in social assistance delivery. This DLI incentivized local implementers to improve inclusion in underserved regions, contributing to PDO 1 by promoting equitable access to cash transfers. This DLI was dropped, diminishing its relevance.

Rating
Modest

DLI 10

DLI
DLI 10: Share of PKH beneficiary families receiving food assistance benefits (Rastra/BPNT/Sembako, the country's main social assistance programs providing vulnerable populations with food benefits) (together with DLI 11, $30M)

Rationale

Integrating food assistance with PKH benefits ensured a more holistic approach to household welfare. This DLI promoted operational synergies between cash and food-based transfers, directly supporting PDO 3 through improved coordination across programs.

Rating
High

DLI 11

DLI
DLI 11: Share of PKH beneficiary families with at least one member receiving health insurance premium fee waiver (PBI-JKN, the subsidized national health insurance scheme) (together with DLI 10, $30M)

Rationale
Linking PKH beneficiaries to health insurance (PBI-JKN) helped guarantee access to health care services and reduced financial vulnerability. This DLI supported PDO 3 by fostering integrated delivery across social protection and health systems.

Rating
High

DLI 12

DLI
DLI 12: PKH introduces a temporary emergency cash transfer scheme in response to COVID-19 and other large-scale shocks ($100M)

Rationale
In response to COVID-19, this DLI introduced temporary emergency transfers under PKH. While it demonstrated adaptability, its relevance to PDO 2 was somewhat diluted by weak links to core delivery system outcomes like timeliness or adequacy of transfers, limiting its relevance. Ideally, introduction should have been accompanied by adequacy and timeliness factors. The DLI was ultimately partially cancelled.

Rating
Modest

DLI 13

DLI
DLI 13: Share of PKH beneficiaries having had their socio-economic status reassessed during the past two years ($30M)

Rationale

This DLI aimed to enhance targeting through reassessment of beneficiary socio-economic status. However, institutional resistance and inconsistent implementation limited its relevance and contribution to PDO 2, which sought to strengthen delivery systems.

Rating

Modest

DLI 14

DLI

DLI 14: Share of non-civil servant human resources contracted by MoSA for PKH implementation with key performance indicators (KPIs) monitored quarterly ($50M)

Rationale

Monitoring key performance indicators for non-civil servant staff aimed to ensure better accountability and performance in frontline delivery. This DLI supported PDO 2 by professionalizing program implementation through structured performance monitoring.

Rating

High

DLI 15

DLI

DLI 15: Share of PKH mother groups provided the relevant FDS per their choices ($20M)

Rationale

By customizing FDS content to beneficiaries' preferences, this DLI fostered engagement and relevance of behavioral messaging. It supported PDO 3 by ensuring interventions were responsive and user-driven, enhancing the impact of social services.

Rating

High

DLI 16

DLI

DLI 16: Share of new SEE program recipients that are former PKH recipients ($20M)

Rationale

This DLI promoted graduation by linking former PKH recipients to the SEE program. Although conceptually aligned with PDO 3, changes in SEE program targeting midstream weakened its relevance to the PforR program and its objectives.

Rating
Modest

DLI 17

DLI
DLI 17: Monitoring system for SEE program is operational ($50M)

Rationale
This DLI aimed to institutionalize monitoring for the SEE program, allowing for data-driven adjustments. Its relevance to PDO 2 was diminished when SEE program priorities shifted, leaving limited scope for system improvement. Targeting moved away from PKH beneficiaries to a broader population, no longer focusing primarily on PKH "graduates."

Rating
Modest

DLI 18

DLI
DLI 18: Share of local governments submitting updated DTKS data per standards ($50M)

Rationale
Encouraging timely submission of DTKS data by local governments aimed to maintain the accuracy and responsiveness of Indonesia's social registry. Despite its clear alignment with PDO 2, limited risk mitigation for institutional coordination barriers at design limited relevance and during implementation limited effectiveness.

Rating
Modest

DLI 19

DLI
DLI 19: DTKS uses external/internal databases, improves data use and dissemination ($30M)

Rationale
This DLI sought to integrate external databases into DTKS, enabling dynamic targeting and adaptive delivery. It supported PDO 2, though relevance was tempered by implementation complexity, reliance on external stakeholders (putting achievement outside the complete control of the program), and partial achievement.

Rating

Modest

DLI 20

DLI

DLI 20: MoSA establishes a disaster victim database ($50M)

Rationale

The creation of a disaster victim database aimed to facilitate shock-responsive social protection. Though not implemented, the DLI's design aligned with PDO 2 by aiming to improve system preparedness and adaptability. The DLI was dropped, diminishing its relevance.

Rating

Modest

OVERALL RELEVANCE RATING

Rationale

The PDO was relevant to both government and Bank strategies at appraisal and remained so throughout implementation. The program reflected the Bank's extensive knowledge in the sector. The rationale for using the PforR instrument was reinforced by the fact that PKH had been ongoing since 2007, along with PforRs having been largely the preferred choice given that most human development lending was channeled using this instrument, and that they helped promote outcome orientation.

Nine of the DLIs were associated with the parent program, and as per the PAD were selected based on the desired results that were deemed within the control of the implementing agency, MoSA, and that were considered feasible, attainable within the time frame, and verifiable (PAD, p. 16). The Financial and Development Supervisory Agency (Badan Pengawasan Keuangan Dan Pembangunan) was tasked with verifying these DLIs. The remaining DLIs were added during the restructuring and AF in 2020. These were aimed at incentivizing reforms in PKH delivery systems to ensure they could be leveraged for pandemic response, enhancing synergies with food assistance, economic empowerment, etc., and promoting the use of DTKS as a central tool to support the government's efforts after disasters and other co-variate shocks.

However, there were some significant challenges with the relevance of the DLIs. First, the sheer number of DLIs added in the restructuring and AF proved challenging, particularly given the constraints imposed by the pandemic. Second, several DLIs were not fully within the control of the implementing ministry. For example, DLI 19 (DTKS increasingly uses information from relevant internal and external databases for DTKS data updating and develops improved data use environments and dissemination channels) relied on coordination with external stakeholders. Third, some critical DLIs were dropped. DLI 12, which aimed to issue PKH emergency cash transfer guidelines, was partially cancelled, despite its increasing importance given Indonesia's vulnerability to climate-induced shocks (Restructuring Paper, p. 4). DLI 9, which focused on lagging provinces such as Papua, was also dropped (ICR, p. 15), despite the continued need to address inequalities in Eastern Indonesia.

Although the aggregate ratings of the individual DLIs would point to a Substantial overall Relevance rating, the significant shortcomings in relevance of the DLIs as a whole bring the overall Relevance rating to Modest.

Rating
Modest

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective
Support the conditional cash transfer program coverage expansion

Rationale
The first objective of the program aimed to expand the coverage of the PKH program. Initiated in 2007 by MoSA following reductions in the fuel subsidy, PKH was designed not only to alleviate short-term poverty by supporting current consumption, but also to promote long-term human capital development through education and health conditionalities for children of beneficiary households.

The Project Appraisal Document (PAD, p.14) outlined a results chain for this objective that logically supports the expansion of PKH coverage. It began with key inputs such as updating the beneficiary list using the most recent targeting data, and conducting outreach, validation, and registration activities, particularly in areas facing implementation challenges. The results chain appropriately emphasized increasing coverage in high-poverty regions like Papua and West Papua (intermediate outcomes). The theory of change assumed that improved targeting would result in the inclusion of the most vulnerable populations, thereby ensuring they receive PKH benefits.

An additional layer of the intervention provided supplementary benefits to elderly and disabled beneficiaries. The underlying assumption was that higher benefit levels would translate into increased consumption for these groups. While this outcome was not guaranteed in isolation, the project design included complementary components, such as behavior change initiatives, aimed at promoting awareness and encouraging positive consumption behaviors. Together, these elements reflected a coherent and well-structured theory of change for expanding PKH coverage and improving its overall effectiveness.

Associated DLIs: DLI 8 and 9 supported the achievement of this objective.

Outcomes:

- Progressive expansion of PKH coverage until 2020 based on policy targets, including previously excluded geographical areas.
    - Total number of beneficiaries increased from 5.9 million (baseline in 2016) to 10 million (target in 2020) (DLI 8). The share of PKH families in remote and border areas increased from 48

percent (baseline in 2016) to 82 percent in at completion (although the target was 85 percent) (DLI 9).

- Increased consumption among PKH beneficiaries
    - Number of families receiving benefits for disabled or elderly families increased from 496,540 (baseline in 2016) to 2,779,992 in 2020 (exceeding the target of 966,000).

Sufficiency of PDO indicators and DLIs. The PDO indicators were sufficient for measuring the broader outcome of expanded coverage.

Additional evidence comes from the ICR:

Importantly, the expansion of coverage and enhancements to the benefit package were accompanied by increased spending on social assistance, both in nominal terms and as a share of gross domestic product (GDP) (ICR, p. 16). This was accompanied by increased spending on health insurance for the poor, to poor and vulnerable students, and to poor households in PKH. The pandemic saw an increase in social assistance spending above the global and East Asia and Pacific averages, with the program being fundamental to contributing to this scale-up through the emergency cash transfer to PKH beneficiaries. However, spending declined to 1.3 percent of GDP in 2021 as some COVID-19 benefits were scaled back. Financing of PKH remained stable through continued benefits to its ten million beneficiary families and provision of complementary benefits to PKH families. This highlights the government's continued commitment to maintain social assistance program coverage expansion. Social assistance spending is expected to increase with the new school-based Nutritious Meals Program that was rolled out in January 2025. That program is expected to cost Rp71 trillion (US$4.4 billion), or 0.29 percent of GDP (ICR, p. 16).

Rating
Substantial

OBJECTIVE 2
Objective
Strengthen the social registry and delivery systems of the CCT program and the Social and Economic Empowerment Program

Rationale
The second objective of the program was to strengthen the delivery systems for PKH. As outlined in the PAD (p.14), the results chain for this objective aimed to enhance efficiency, transparency, and accountability in the program's implementation, critical elements for the long-term sustainability and credibility of PKH.

The theory of change held that efficiency of the PKH's delivery systems would be strengthened through focus on strengthening operational systems via the development of management information systems, key operational modules, and a rollout strategy for transitioning to cashless payment modalities. During the COVID-19 pandemic, additional financing further aimed to reinforce data systems, particularly by reassessing the socio-economic status of PKH beneficiaries within a two-year window. A core area of focus was enhancing the DTKS (Indonesia's social registry), with local governments playing a pivotal role in updating and verifying data, while also leveraging interoperability with additional existing administrative databases to improve DTKS data and MoSA's responsiveness in times of crisis.

Transparency would be enhanced through the establishment of monitoring and evaluation systems, grievance redress mechanisms, and communication strategies aimed at clarifying roles and responsibilities across different levels of government. The theory of change assumed that the existence of such systems would foster greater transparency within the implementing agency and improve responsiveness to citizen feedback.

Accountability would be strengthened through targeted reforms in human resource policies as well as the development of systems to detect and control errors, fraud, and corruption. These measures were grounded in the assumption that institutionalizing such mechanisms would lead to improved program integrity and trust in the delivery of social assistance.

Overall, while the results chain presented in the PAD reflected a sound logic for improving delivery systems, the implementation trajectory—particularly the limited achievement of certain reforms—reveals gaps between the planned and actual realization of outcomes. In particular, many of these activities were not fully realized due to the non-achievement of DLIs due largely to a shift in priorities within MoSA following a change in leadership in 2021. These implementation challenges affected the realization of intended outcomes, highlighting a key risk in the theory of change related to institutional continuity and political commitment. These dynamics underscore the importance of strong institutional alignment and continuity in executing systemic reforms envisioned under the theory of change.

Associated DLIs: DLI 1, 2, 3, 4, 12, 13,14, 18, 19 and 20 supported the achievement of this objective.

Outcomes:

- Efficiency was enhanced, as 98.5 percent of PKH beneficiary families had their co-responsibilities recorded in the e-PKH system (DLI 4).
- Limited progress was made in strengthening the performance management of non-civil servant human resources contracted by MoSA (DLI 14).
- No progress was made on operationalizing the monitoring system for the Social and Economic Empowerment (SEE) Program (DLI 17).
- Partial implementation occurred for enhancements to the PKH information system (DLI 1).
- No socio-economic status reassessment of PKH families was carried out beyond an initial pilot (DLI 13).
- Limited progress was observed by local governments in submitting updated data in line with DTKS standards (DLI 18).
- The planned disaster victims database was not developed (DLI 20).
- Transparency was hindered, as monitoring reports were not accessible to the World Bank or stakeholders beyond MoSA, limiting the measurement of results (DLI 19).
- PKH’s grievance redress mechanism (GRM) was established, and a Human Resources Code of Ethics was rolled out (DLI 3); however, the GRM’s implementation was not monitored and is likely to have encountered challenges due to the digital literacy limitations and the limited role of PKH facilitators (ICR, p. 18).

Overall, many outcome targets were not reached, indicating less than full (mixed) achievement of the objective. Second, cancellation of some DLIs means that there is insufficient evidence to assess achievement of the objective.

Rating
Modest

OBJECTIVE 3

Objective
Improve the coordination between these programs and other complementary social programs

Rationale
The third objective of the program was to strengthen coordination across different social assistance programs. As outlined in the PAD (p. 14), the results chain for this objective aimed to enhance the complementarity of various social assistance interventions to ensure more integrated and effective support for poor and vulnerable households.

The first element of the theory of change focused on improving cross-program alignment by identifying PKH beneficiaries who were excluded from other basic services and facilitating their inclusion in complementary programs such as *Rastra* (rice subsidy), *PBI-JKN* (subsidized national health insurance), and *PIP* (scholarship assistance), as tracked by PDO Indicator 2. The underlying assumption here was that PKH beneficiary lists accurately captured the poor and vulnerable, who would also be eligible for other basic services.

Secondly, the theory of change held that coordination would be improved through development of an FDS plan aimed at promoting positive behavior change—such as exclusive breastfeeding and improved health practices—among PKH beneficiaries. Although initially conceived as a tool to support graduation of PKH beneficiaries nearing the end of their six-year PKH cycle, MoSA expanded the rollout of FDSs to all beneficiaries regardless of their program tenure (PAD, p. 6). This shift reflected an adaptation in program design but was still aligned with the emphasis in the theory of change on sustained human capital investments and behavioral change.

Finally, the program aimed to improve coordination between PKH and the SEE program, recognizing the importance of linking cash transfers with broader livelihood and empowerment strategies as the latter focused on graduation. This program element assumed that improved institutional linkages and joint implementation planning would enable smoother transitions and more holistic support for beneficiary households.

Overall, the results chain presented a coherent logic for achieving stronger program coordination. However, the effectiveness of this coordination depended heavily on institutional capacity and the quality of data systems, factors that were critical in realizing the assumptions embedded in the theory of change. Specifically, despite positive trends on individual indicators, the Modest rating reflects concerns over data verifiability post-2021. The lack of communication with MoSA limited monitoring, and key reforms such as improved SEE coordination and use of M&E systems were not realized. As the ICR notes, institutional disengagement significantly weakened coordination outcomes, justifying the Modest efficacy rating.

Associated DLIs: DLI 5, 7, 10, 11, 15, 16 and 17 supported the achievement of this objective.

Outcomes:

- The share of PKH beneficiaries whose NIK numbers have been verified increased from 73.5 percent (baseline in 2016) to 99 percent (above target of 95 percent at completion) (DLI 6).
- The number of PKH mother groups that have received FDS from trained facilitators increased from 7,357 (baseline in 2016) to 325,891 percent (above target of 106,000 percent at completion) (DLI 7).
- The percent of PKH beneficiaries receiving food assistance benefits increased from 32 percent (baseline in 2016) to 90.75 percent (below target of 95 percent at completion) (DLI 5).
- The percent of PKH beneficiary families with at least one member receiving health insurance premium fee waiver increased from 10 percent (baseline in 2016) to 81.84 percent (below target of 95 percent at completion) (DLI 11).
- The share of children aged 7–18 years in PKH beneficiary families attending primary, junior, and senior secondary school at least 85 percent of the time increased from 81.1 percent (baseline in 2016) to 99.89 percent (above target of 95 percent at completion).
- The share of children aged 0–6 years in PKH beneficiary families who received basic health and nutrition services in accordance with protocol increased from 79.7 percent (baseline in 2016) to 86 percent (below target of 90 percent at completion).
- 99.6 percent of new SEE program recipients are former recipients of PKH (above the target that at least 98 percent of new SEE program recipients in 2023 are PKH graduates) (DLI 16).

Rating
Modest

OVERALL EFFICACY

Rationale
The program made strong initial progress in expanding the coverage of the PKH program, a core objective. The rapid scale-up of support during the COVID-19 emergency, particularly through cash top-ups to existing PKH families, helped mitigate the social and economic impacts of the crisis. This reflected the system's ability to leverage existing beneficiary lists for swift emergency response, an early success under the expansion objective.

The program also showed progress in improving coordination across social assistance programs. By the end of the program, more than 90 percent of PKH beneficiaries had received complementary benefits such as food assistance (Rastra/Sembako) and health insurance premium waivers (PBI-JKN). In addition, Family Development Sessions (FDS) were rolled out extensively, and the transition of PKH recipients to the SEE program exceeded targets. These trends indicate improvements in beneficiary access to a broader suite of services and a degree of operational synergy between key programs. However, these gains were not fully institutionalized. Coordination improvements were vulnerable to data and system fragmentation, as well as weakened substantially after the 2021 change in leadership at MoSA. Notably, data verifiability issues and reduced access to implementation information limited the Bank's ability to monitor progress on coordination outcomes and evaluate the strength of institutional linkages.

The greatest shortfalls were observed in the area of delivery systems strengthening, particularly those aimed at enhancing the resilience and adaptability of the social protection system. While core delivery functions such as NIK verification and PKH conditionality tracking improved, key systemic reforms—such as the reassessment of socio-economic status, the establishment of a disaster victim database, and local government updating of the DTKS registry—saw limited or no progress. Many of these reforms were critical to building an adaptive delivery system, but they faltered due to weak institutional ownership, implementation delays, and deprioritization of reforms after 2021.

Overall, while the program was effective in expanding coverage and achieving partial progress in cross-program coordination, it fell short of fully realizing the systemic improvements envisioned in the theory of change. The institutional disengagement, limited monitoring access, and gaps in delivery system reforms ultimately undermined the achievement of key outcomes. This justifies a Modest efficacy rating.

Rating	**Primary Reason**
Modest	Low achievement

5. Outcome

The PDO was relevant to country context and Bank strategy at appraisal, throughout implementation, and at program closing, adhering to government and World Bank strategies. The DLIs were clearly defined and verifiable. However, given that some of the critical DLIs were cancelled, and some were not completely under the program's control, the relevance of the DLIs is assessed as Modest.

With respect to efficacy, while the project had a strong start, achieving significant progress in expanding coverage and advancing elements of the delivery system such as the rollout of cashless payments, it faced major setbacks following the onset of the COVID-19 pandemic and a subsequent change in MoSA leadership in 2021. This leadership transition triggered a comprehensive overhaul of the program's priorities, leading to the non-achievement of several DLIs, the discontinuation of key activities, and inability to monitor key outcomes. The project was neither restructured nor canceled in response to these shifts, limiting the ability to realign objectives with the evolving context.

With a Modest relevance rating and Modest efficacy rating, the project is overall rated as Unsatisfactory.

Outcome Rating
Unsatisfactory

6. Risk to Development Outcome

While key achievements, such as the expansion of PKH coverage and continued government funding, are likely to be sustained, the long-term viability of broader system-level reforms remains uncertain due to shifts in institutional priorities and implementation risks.

- Government Ownership and Financial Commitment: Social protection continues to be a national priority, and the government has maintained financing and operational support for PKH beyond the program period. The alignment of the program with Indonesia's long-term poverty reduction goals reinforces this commitment, suggesting that the gains achieved under Objective 1 (coverage expansion) are likely to be sustained.
- Institutional and Governance Risks: The mid-program change in leadership at the Ministry of Social Affairs (MoSA) in 2021 significantly altered reform trajectories. Several core activities aimed at strengthening systems, such as the establishment of a disaster victim database, institutionalization of socio-economic reassessments, and improved SEE coordination, were deprioritized, leading to the non-achievement or quiet cancellation of related DLIs. The absence of formal communication on new directions weakened implementation fidelity and hampered monitoring. These developments raise concerns about the long-term sustainability of outcomes under Objectives 2 (strengthened delivery systems) and 3 (improved coordination with complementary programs).
- Technical Risks: Early gains in digitization, such as the expansion of cashless payments and improvements to the social registry (DTKS), have been partially reversed. For instance, MoSA reintroduced partial cash delivery for PKH transfers, weakening transparency and efficiency. Limited uptake of dynamic registry reforms and stalled data interoperability efforts further jeopardize the adaptive capacity of the system.
- Political and Social Context: While broader social protection reforms have faced implementation setbacks, political and public support for PKH remains high. This was evident in the rapid expansion of benefits during COVID-19. Continued stakeholder backing helps mitigate social risk and supports the durability of the core cash transfer program.
- Exposure to Shocks: Indonesia remains highly exposed to natural disasters and climate-related risks. However, the program achieved limited progress in operationalizing PKH's adaptive delivery systems. As such, the system remains vulnerable to future shocks, particularly given the lack of an integrated disaster database or flexible delivery platform.

The likely sustainability of development outcomes is therefore uneven. Gains in program coverage are likely to endure due to strong political and financial support. However, the mid-program shift in MoSA priorities undermined progress toward critical reforms related to delivery systems and program coordination. This shift illustrates how changes in short-term ministerial priorities can have lasting consequences for medium-term reform agendas, particularly those championed by the Ministry of National Development Planning (Bappenas), which emphasized systems strengthening and integration across programs. Without renewed institutional alignment and commitment, progress toward Objectives 2 and 3 risks stalling or reversing.

7. Assessment of Bank Performance

a. Quality-at-Entry

The quality at entry was strong in terms of strategic alignment, technical soundness, and initial readiness. The program built on years of technical engagement between the World Bank and MoSA, and its design aligned well with Indonesia's social protection priorities under the RPJMN. Both the parent PforR and the AF focused on coverage expansion, delivery systems strengthening, and coordination across social assistance programs, and were grounded in global evidence and good practice, including lessons from Brazil, the Philippines, and Pakistan (ICR, p. 27).

The choice of the PforR instrument was appropriate, given the government's strong program ownership and results orientation. The inclusion of a complementary technical assistance (TA) package, partially supported by an Australian Department of Foreign Affairs and Trade Trust Fund, was instrumental in helping MoSA address capacity constraints during implementation. At entry, the Bank correctly identified institutional capacity risks and addressed them through targeted TA and robust fiduciary, M&E, and coordinatino and oversight arrangements.

The AF built on solid progress under the parent PforR and expanded the program's scope and ambition, adding new result areas and eleven additional DLIs. While this responded to government priorities, the expanded design also introduced considerable complexity, particularly given the pandemic context and involvement of multiple MoSA directorates. This complexity later became a constraint when leadership changes within MoSA led to shifts in priorities and underachievement of several DLIs.

Overall, the program was grounded in strong analytical foundations and responded to strategic needs. While the AF increased the program's complexity, the eventual change in implementation progress could not have been mitigated, given that it was due to an unexpected shift in MoSA's ministerial priorities.

Quality-at-Entry Rating
Satisfactory

b. Quality of supervision
The Bank provided proactive and adaptive supervision, including a timely mid-term review, restructuring in response to COVID-19, and sustained technical assistance through TA and advisory services and analytics support. The team maintained regular engagement, sought management guidance, and developed restructuring options aligned with evolving government priorities.

Despite challenges faced by the team, the Bank's supervision was diligent and responsive under difficult circumstances, though outcomes were ultimately constrained by factors both internal and external to the program.

Quality of Supervision Rating
Satisfactory

Overall Bank Performance Rating
Satisfactory

8. M&E Design, Implementation, & Utilization

a. M&E Design

The M&E design of the program was generally sound and well aligned with the stated objectives. The operation's theory of change was clearly articulated, with a logical results chain linking activities to outputs, intermediate results, and intended outcomes. The results framework included indicators that were mostly SMART—specific, measurable, achievable, relevant, and time-bound—with defined baselines and targets. The DLIs were closely aligned with the PDOs, incentivizing reform areas such as PKH delivery system strengthening, expansion of program coverage, and improved access to complementary services. Data sources were credible, and verification protocols were technically robust and institutionally embedded.

While the design was comprehensive, there were some moderate shortcomings. The number of DLIs (20 in total under the parent and AF) added considerable complexity, particularly for a single implementing agency managing multiple directorates. Some DLIs introduced during the AF (e.g., related to DTKS interoperability and socioeconomic reassessments) were technically ambitious and institutionally demanding, with insufficient mitigation measures in place for potential shifts in ministerial priorities. Nonetheless, the overall M&E design provided a solid foundation for tracking progress and assessing attribution.

b. M&E Implementation

Implementation of the M&E system was strong in the early stages of the program and continued effectively through the parent phase. By the time of the mid-term review in 2019, 60 percent of the DLIs had been achieved. Routine data collection was carried out effectively through platforms such as the e-PKH system, and results were verified by independent entities. The Planning Unit within MoSA played a central role in overseeing M&E activities, ensuring timely reporting and coordination across relevant technical units.

Challenges emerged during the AF phase, particularly from mid-2021 onward, when MoSA's reform priorities shifted. Several key areas of the M&E system became non-operational, including the inability to verify results related to DTKS updates, socioeconomic reassessment of PKH beneficiaries, and monitoring of the SEE program. Communication between MoSA and the World Bank broke down, and planned restructuring to address these issues could not be finalized. Despite these setbacks, the underlying M&E systems and tools remained in place, and the implementation performance prior to 2021 was substantial.

c. M&E Utilization

Utilization of M&E evidence played a meaningful role in informing the program's direction, particularly during the design and implementation of the AF. M&E findings were used to identify gaps in delivery systems and to guide the scale-up of complementary services such as PBI-JKN and food assistance. Data from the parent phase of the program informed the inclusion of second-generation reforms focused on economic empowerment and adaptive social protection. The mid-term review in 2019 drew heavily on M&E results to justify the expansion of scope and the inclusion of additional result areas and DLIs.

After 2021, however, M&E utilization was limited due to MoSA's disengagement and the absence of updated or verified data on key indicators. While some reforms—such as the COVID-19 emergency cash transfers and digital payment expansion—continued to draw from earlier M&E evidence, lack of communication hindered the systematic use of M&E findings for real-time decision-making. Nevertheless, the program did succeed in embedding a culture of data-driven reform during its early and mid-phases, and it informed broader policy discussions on social protection, including ongoing work on DTKS and graduation pathways.

M&E Quality Rating

Substantial

9. Other Issues

a. Safeguards

An Environmental and Social Systems Assessment was conducted during the preparation of both the parent program and the AF, assigning a Moderate risk rating. Environmental risks were assessed as low, given the absence of infrastructure-related activities. Social risks were moderate, linked to targeting accuracy, documentation requirements, potential exclusion, limited grievance systems, and the personal safety of social workers. Mitigation measures included strengthening grievance redress mechanisms (GRMs), ongoing capacity building for social workers, and setting up an incident reporting system. While most environmental and social actions were implemented and regularly monitored, two key actions—enhancing GRMs for PKH and social entrepreneurship and rolling out a communication and outreach strategy—were only partially achieved. No major issues were reported during implementation.

b. Fiduciary Compliance

The fiduciary performance of the program was broadly satisfactory during the initial years of implementation but weakened significantly in the later stages due to institutional and communication breakdowns. At preparation, a Fiduciary Systems Assessment was conducted, concluding that the government's fiduciary systems were adequate to manage the risks associated with the program, building on prior World Bank engagement in public financial management and procurement reforms. Risk mitigation measures were incorporated into the Program Action Plan and linked to several DLIs, including those related to performance management, internal controls, and grievance redress mechanisms.

At the time of the AF preparation, fiduciary risk was rated Substantial, building on the systems used under the parent PforR. No major fiduciary issues were encountered during the implementation of the parent program. MoSA relied on the government's accounting system (SAI) for aggregate-level reporting, while more detailed expenditure tracking for PKH was done through the e-PKH system. Payments to beneficiaries were processed through the government treasury system based on validated lists from MoSA's Directorate of Family Social Security.

However, implementation stalled from 2021 through program closure in June 2024, and fiduciary risk was consequently downgraded to Moderately Unsatisfactory. A key concern was the lack of reporting on the use of a US$100 million Bank advance that had been disbursed after the last DLI claims were submitted in 2021 (ICR, p. 27). While MoSA submitted its 2022 audited financial statements on time and received a clean audit opinion, the financial statements did not reference the World Bank-supported PforR. This advance was eventually cleared post-closure using funds from other PforR operations, following a request from the Ministry of Finance, and the issue was considered resolved.

c. Unintended impacts (Positive or Negative)

None reported.

d. Other

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10. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Unsatisfactory	Unsatisfactory	
Bank Performance	Satisfactory	Satisfactory	
Quality of M&E	Substantial	Substantial	
Quality of ICR	---	Substantial	

11. Lessons

1. Aligning incentives with strong government ownership is essential, but sustained coordination mechanisms are equally critical for long-term reform.

Early success in expanding access under the program was driven by strong alignment between the DLIs and government priorities, and by high initial ownership from MoSA. However, as priorities shifted, limited intra- and inter-ministerial coordination weakened implementation of second-generation reforms. Future operations should incorporate mechanisms to institutionalize coordination across relevant ministries to safeguard reforms from shifts in leadership or political will.

2. In fragmented policy environments, program design should be sufficiently broad to foster multi-stakeholder ownership and accountability.

The exclusive focus on MoSA and the PKH program constrained the operation’s effectiveness in Indonesia’s complex and fragmented social protection system. A more inclusive design that engaged other key ministries (e.g., Health, Education, Finance) could have promoted shared accountability, strengthened coordination, and enhanced reform traction. Future programs in similar contexts should adopt a whole-of-government approach to social protection reform.

3. Technical assistance is necessary but not sufficient in low-capacity environments. Direct financing instruments may be needed to enable implementation.

While World Bank technical assistance was instrumental in advancing reforms in areas such as targeting, management information system development, and adaptive social protection, MoSA's limited implementation capacity and resource constraints impeded sustained reform. In such contexts, complementary investment or policy-based financing—rather than relying solely on results-based disbursements—may be more effective, as demonstrated by the experience of the Indonesia Early Years program (INEY). Future PforR operations should be carefully calibrated to the institutional capacity and financing needs of implementing agencies.

12. Assessment Recommended?

No

13. Comments on Quality of ICR

The ICR provides a detailed and well-structured overview of the program. The narrative is candid, evidence-based, and generally aligned with the program's development objectives. It supports the ratings with relevant data, attempts to triangulate information to substantiate conclusions, and maintains a strong focus on results. The report is concise, adheres to most guidelines, and includes a clear reference to the program's results chain, helping the reader understand how the ratings were determined. It also gives adequate attention to the efforts undertaken in 2021 when implementation progress stalled, including the Bank's exploration of restructuring options with MoSA and other agencies, potential suspension or cancellation, and continued technical assistance in key program areas.

a. Quality of ICR Rating

Substantial