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Report No: PAD3680

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROGRAM PAPER

ON A

PROPOSED ADDITIONAL LOAN

IN THE AMOUNT OF US\$400 MILLION

AND A RESTRUCTURING

TO THE

REPUBLIC OF INDONESIA

FOR THE

SOCIAL ASSISTANCE REFORM PROGRAM

April 24, 2020

Social Protection & Jobs Global Practice
East Asia And Pacific Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective March 20, 2020)

Currency Unit = Indonesian Rupiah

IDR 1 = US\$ 0.000063

US\$ 1 = IDR 15,926

FISCAL YEAR

January 1 - December 31

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ABBREVIATIONS AND ACRONYMS

AF	Additional Financing
Bappenas	<i>Badan Perencanaan Pembangunan Nasional</i> (Ministry of National Development Planning)
BISP	Benazir Income Support Program
BNPB	<i>Badan Nasional Penanggulangan Bencana</i> (National Disaster Response Agency)
BPK	<i>Badan Pemeriksa Keuangan</i> (Audit Board of Indonesia)
BPKP	<i>Badan Pengawasan Keuangan dan Pembangunan</i> (Financing and Development Supervision Agency)
BPNT	<i>Bantuan Pangan Non-Tunai</i> (e-voucher Food Assistance Program before 2020)
BPS	<i>Badan Pusat Statistik</i> (Statistics Indonesia)
CCT	Conditional Cash Transfer
CGAP	Consultative Group to Assist the Poor
DAPODIK	<i>Data Pokok Pendidikan</i> (Education Primary Data)
Dayasos	<i>Pemberdayaan Sosial</i> (Ministry of Social Affairs' Directorate General for Social Empowerment)
DFAT	Australian Government's Department of Foreign Affairs and Trade
DG	Directorate General
DLI	Disbursement Linked Indicator
DTKS	<i>Data Terpadu Kesejahteraan Sosial</i> (Ministry of Social Affairs' Social Registry)
EE	Economic Empowerment
EFC	Error, Fraud, and Corruption
FDS	Family Development Session
FSA	Fiduciary Systems Assessment
GDP	Gross Domestic Product
Gol	Government of Indonesia
GRS	Grievance Redress Service
HCI	Human Capital Index
HIMBARA	<i>Himpunan Bank Negara</i> (Association of State-Owned Banks)
HR	Human Resources
IS	Information System
JKN-PBI	<i>Jaminan Kesehatan Nasional-Penerima Bantuan Iuran</i> (recipient of government paid National Health Insurance premium)
JSK	<i>Jaminan Sosial Keluarga</i> (Ministry of Social Affairs' Directorate of Family Social Protection)
KUBe	<i>Kelompok Usaha Bersama</i> (Joint-Group Business, cash grant for productive activity)
KUR	<i>Kredit Usaha Rakyat</i> (Micro-Financing Program)
LAPOR	<i>Layanan Aspirasi dan Pengaduan Online Rakyat</i> (Grievance Redress Service)
LKPP	<i>Lembaga Kebijakan Pengadaan Barang/Jasa Pemerintah</i> (National Public Procurement Agency)
LPSE	<i>Layanan Pengadaan Secara Elektronik</i> (e-Procurement system)
M&E	Monitoring and Evaluation



MAHKOTA	<i>Menuju Masyarakat Indonesia yang Kokoh Sejahtera (Towards a Strong and Prosperous Indonesian Society)</i>
MIS	Management Information System
MoHA	Ministry of Home Affairs
MoSA	Ministry of Social Affairs
MSME	Micro, Small, Medium Enterprise
NIK	<i>Nomor Induk Kependudukan (Population Identification Number)</i>
PAP	Program Action Plan
PDO	Program Development Objectives
P3K	Pegawai Pemerintah dengan Perjanjian Kerja (Contracted Government Employee)
Perpres	<i>Peraturan Presiden (Presidential Regulation)</i>
PforR	Program-for-Results
PIP	<i>Program Indonesia Pintar (Smart Indonesia Scholarship Program)</i>
PIS	<i>Program Indonesia Sehat (National Health Insurance Program)</i>
PISA	Program for International Student Assessment
PKH	<i>Program Keluarga Harapan (Family Hope Program/Conditional Cash Transfer Program)</i>
PLUT	<i>Pusat Layanan Usaha Terpadu (Ministry of Cooperatives and Micro, Small, Medium Enterprises' integrated business service center)</i>
PMT	Proxy Means Test
PPAF	Pakistan Poverty Alleviation Fund
PPID	<i>Pejabat Pengelola Informasi dan Dokumentasi (Public Information Officer)</i>
PSPKKM	<i>Direktorat Pemberdayaan Sosial Perorangan, Keluarga, dan Kelembagaan Masyarakat (Directorate for Empowerment of Individual, Family, and Community Institution)</i>
Pusdatin	<i>Pusat Data dan Informasi Kesejahteraan Sosial (Ministry of Social Affairs' Social Welfare Data and Information Center)</i>
Rastra	<i>Beras untuk Rakyat Sejahtera (Rice Subsidy for the Poor)</i>
RPJMN	<i>Rencana Pembangunan Jangka Menengah Nasional (Medium-Term Development Plan)</i>
SE	Social Entrepreneurship
SEE	Social and economic empowerment
Sembako	e-voucher Food Assistance Program (since 2020)
SIAK	<i>Sistem Informasi Administrasi Kependudukan (Population Registry)</i>
SIKS-NG	<i>Sistem Informasi Kesejahteraan Sosial-Next Generation (Social Welfare Information System)</i>
SLP	Sustainable Livelihood Program
SLRT	<i>Sistem Layanan Rujukan Terpadu (Integrated Referral System)</i>
SME	Small Medium Enterprises
TNP2K	<i>Tim Nasional Percepatan Penanggulangan Kemiskinan (National Team for the Acceleration of Poverty Reduction)</i>
UDB	Unified Database
UMi	Ultra-Micro Financing Program



BASIC INFORMATION – PARENT (Indonesia Social Assistance Reform Program - P160665)

Country Indonesia	Product Line IBRD/IDA	Team Leader(s) Changqing Sun	
Project ID P160665	Financing Instrument Program-for-Results Financing	Does this operation have an IPF component? No	Practice Area (Lead) Social Protection & Jobs

Implementing Agency: Ministry of Social Affairs

Is this a regionally tagged project? No	Bank/IFC Collaboration No	
Original Approval Date 09-May-2017	Effectiveness Date 30-Aug-2017	Closing Date 30-Jun-2021

Program Development Objective(s)

The Program Development Objectives (PDO) are to support the conditional cash transfer program coverage expansion, strengthen its delivery system, and improve its coordination with other complementary social programs.

Ratings (from Parent ISR)

	Implementation	Latest ISR
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	20-Aug-2017	19-Feb-2018	18-Sep-2018	14-Apr-2019	19-Dec-2019
Progress towards achievement of PDO	S	MS	S	S	S
Overall Implementation Progress (IP)	S	S	S	S	S
Overall Risk	S	S	S	S	S



BASIC INFORMATION – ADDITIONAL FINANCING (Additional Financing for Indonesia Social Assistance Reform Program - P172381)

Project ID	Project Name	Additional Financing Type	Urgent Need or Capacity Constraints
P172381	Additional Financing for Indonesia Social Assistance Reform Program	Restructuring, Scale Up	
Financing instrument	Product line	Approval Date	Will there be additional financing for the IPF component?
Program-for-Results Financing	IBRD/IDA	15-May-2020	No
Projected Date of Full Disbursement	Bank/IFC Collaboration		
	No		

Is this a regionally tagged project?

No

Disbursement Summary (from Parent ISR)

Source of Funds	Net Commitments	Total Disbursed	Remaining Balance	Disbursed
IBRD	200.00	120.80	79.20	 60 %
IDA				 %



Grants					%
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PROGRAM FINANCING DATA – ADDITIONAL FINANCING (Additional Financing for Indonesia Social Assistance Reform Program - P172381)

FINANCING DATA (US\$, Millions)

SUMMARY (Total Financing)

	Current Financing	Proposed Additional Financing	Total Proposed Financing
Government program Cost	4932.00	8377.50	13309.50
Total Operation Cost	4932.00	8377.50	13309.50
Total Program Cost	4932.00	8377.50	13309.50
Total Financing	4932.00	8377.50	13309.50
Financing Gap	0	0	0

DETAILS – Additional Financing

Counterpart Funding	7,977.50
Borrower/Recipient	7,977.50
International Bank for Reconstruction and Development (IBRD)	400.00

COMPLIANCE

Policy

Has the parent Program been under implementation for at least 12 months?
Yes

Have the DO and IP ratings for the parent Program been rated moderately satisfactory or better for at least the last 12 months?
Yes

Does the program depart from the CPF in content or in other significant respects?
No



Does the Program require any waivers from Bank policies?

Yes

Have these been approved by Bank Management?

Yes

Is approval for any policy waiver sought from the Board (or MD if RETF operation is RVP Approved)?

No

Has this been endorsed by Bank Management? (Only applies to Board approved operations)

Yes

INSTITUTIONAL DATA

Practice Area (Lead)

Social Protection & Jobs

Contributing Practice Areas

Education

Finance, Competitiveness and Innovation

Governance

Jobs

Climate Change and Disaster Screening

This operation has been screened for short and long-term climate change and disaster risks

Gender Tag

Does the project plan to undertake any of the following?

a. Analysis to identify Project-relevant gaps between males and females, especially in light of country gaps identified through SCD and CPF

Yes

b. Specific action(s) to address the gender gaps identified in (a) and/or to improve women or men's empowerment

Yes

c. Include Indicators in results framework to monitor outcomes from actions identified in (b)



Yes

TASK TEAM**Bank Staff**

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Name	Title	Organization	Location



Indonesia

Additional Financing for Social Assistance Reform Program

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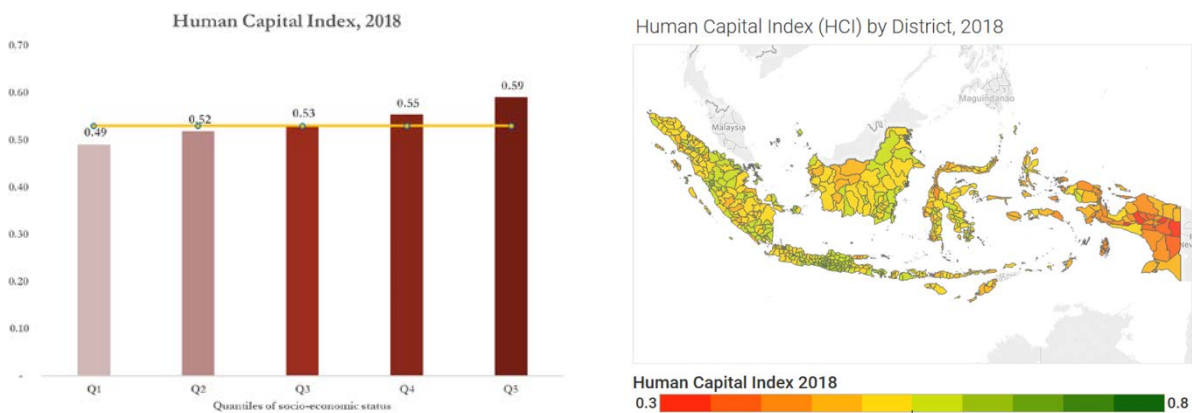
I. BACKGROUND AND RATIONALE FOR ADDITIONAL FINANCING

A. Sector Background

1. As the largest economy in South East Asia and 16th largest in the world, Indonesia has maintained an average Gross Domestic Product (GDP) growth of 5 percent per annum in the last 5 years. To sustain these levels of growth, Indonesia needs to close three key gaps: an infrastructure gap, estimated at over US\$1.5 trillion; a human capital gap, largely due to a high stunting rate at 27.67 percent and low learning outcomes; and an institutional gap, signaled by lack of capacity, coordination and leadership in delivering public services and implementing public policies to enhance inclusive growth. There are significant differences in human development outcomes across income groups and skill biased technological changes may perpetuate inequality across generation through human capital gaps. Closing the human capital gap will require improving the service delivery of health and education at local levels and strengthening the social assistance system to effectively protect the poor and vulnerable against shocks as well as to promote their access to human capital enhancement opportunities.

2. Indonesia’s progress on poverty reduction contrasts with its performance in sharing prosperity. Indonesia has achieved a sustained decline in poverty rates, from 19.1 percent of the population in 2000 to 9.2 percent of the population in late 2019.¹ Inequality, however, as measured by the Gini coefficient, rose from its lowest value of 30 in 2000 to 41 points in 2014, declining to 38 in late 2019. While Indonesia is experiencing a rapid expansion of its middle class, largely thanks to a stable economic growth of around 5 percent per year, 45 percent of the population is classified as aspiring middle class² as they have yet to achieve economic security. In addition to the 25 million Indonesians that live below the poverty line, vulnerability remains high and many are clustered near the poverty line: about 20 percent of the population live above the poverty line but below 1.5 times the poverty line.

Figure 1. Substantial Disparity in Human Capital Index Across Income Groups and Locations



Source: World Bank staff estimates

¹ World Bank (2016a) and World Bank (2019a).

² Aspiring middle class are those no longer living in poverty or vulnerability but are not yet economically secure, with consumption between IDR 531,000 and IDR 1.2 million per person per month (US\$3.30-7.75 per person per day).



3. **Human capital outcomes have seen improvements but still require more investment.** Between 2002 and 2016, life expectancy increased from 67 to 70.9 years and secondary school enrollment doubled. While human capital outcomes have seen impressive progress, gaps loom large. Indonesia's Human Capital Index (HCI) comprises 0.53, ranked at 87 out of 157 countries included in the HCI database. Furthermore, human capital outcomes such as stunting and the Program for International Student Assessment (PISA) scores show significant differences across income groups, suggesting that a child from poor socio-economic family background would be less productive than his or her peers born in high income families when they grow up. Due to skill biased technological changes, inequality in human capital is becoming increasingly important in driving inequality in terms of income generating capacity in the future. The regional disparity in HCI is also large, with the country's highest performing districts being ranked next to Vietnam while the lowest performing districts being ranked among the lowest countries.

4. **The poor and vulnerable have not been able to take full advantage of economic growth largely because they are disconnected from market opportunities that potentially improve their productivity.** Between 2014 and 2018, the median real income growth rate among the poorest 10 percent of the population was only 2.2 percent annually, compared to 4.3 percent and 6.1 percent of the bottom 40 percent and next 40 percent of the population respectively³. Given persistent informality and the continued inability of many of the poor and vulnerable to access the formal labor and financial markets, it is critical to promote economic empowerment of poor and vulnerable households that are not reached by mainstream entrepreneurship training/microfinance programs. While effective social assistance programs can protect people from extreme poverty, the poor and vulnerable need additional support to have lasting prosperity and resilience against shocks.

5. **In recent years, social assistance has become one of the main tools used by the Government of Indonesia (GoI) to tackle poverty and inequality as well as human capital gaps, and significant reforms have been carried out.** A national social registry of nearly 27 million poor and vulnerable households has been put in place as a common entry point for targeting and identifying potential beneficiaries for the centrally financed social assistance programs. Several rounds of energy subsidy reforms have generated large fiscal savings to be reallocated to better targeted and more effective interventions.⁴ Among these, the conditional cash transfer (CCT) *Program Keluarga Harapan* (PKH, or Family Hope Program), supported by the parent Program-for-Results (PforR), has been a key program, expanding rapidly to reach 10 million families, and making it the second largest CCT in the world after Brazil's Bolsa Familia. Furthermore, PKH has shown important impacts on key health and education outcomes and has transformed its benefit payments completely to a bank account based digital payment system and has scaled up its Family Development Sessions (FDS) to promote positive behavior changes in health, nutrition, education, and financial inclusion.

³ World Bank (forthcoming), *Indonesia Systematic Country Diagnostic*

⁴ Major programs include: (a) a temporary, emergency, unconditional cash transfer (called *Bantuan Langsung Sementara Masyarakat*) targeted at poor and vulnerable households; (b) a family welfare card (*Kartu Keluarga Sejahtera*, KKS) giving beneficiaries access to multiple programs; and (c) benefit and coverage increases for the Smart Indonesia Scholarship Programs (*Program Indonesia Pintar*, PIPs) and the CCT program, Family Hope Program (*Program Keluarga Harapan*, PKH). Also, over this period, the national health insurance program (*Program Indonesia Sehat*, PIS, formerly called JKN-PBI) was expanded to reach 92.4 million people in 2016, while the rice subsidy scheme for the poor (*Beras untuj Rakyat Sejahtera*, Rastra) reached 15.5 million households in the same year.



6. **Enhancing human capital quality is one of Gol's top priorities for 2020-2024 and social assistance plays an important role.** President Jokowi has emphasized that human capital is one of his main priorities for his second term. The recently approved National Medium-Term Development Plan (RPJMN) for 2020–2024 confirms this emphasis and proposes a set of priority programs and activities to help achieve this goal. One such project is integrating social assistance programs and delivery systems toward a comprehensive social protection scheme (Major Project Number 18). The goal of establishing an integrated social assistance system remains unchanged from the previous RPJMN.

7. **Building on the recent reforms of PKH and the food assistance program (BPNT/Sembako)⁵, the Ministry of Social Affairs (MoSA) has outlined a vision of integrated social assistance system with two main pillars.** MoSA's draft Strategic Plan (Renstra) 2020-2024 highlights two strategic pillars going forward. One is the family-based cash and in-kind transfers (PKH and Sembako) and the other is economic empowerment programs to promote sustainable livelihoods, build productive assets, and increase income generating potential among working age members of social assistance recipient families. There is growing evidence and lessons learned globally that complementary economic inclusion programs converged with cash transfer programs for the poor can yield promising results. In line with this vision, MoSA is launching a new Social Entrepreneurship (SE) program in 2020.

8. **To ensure effective and efficient implementation of both pillars of its social assistance vision, the government continues to strengthen the key delivery systems, such as a dynamic social registry.** Strong delivery systems ensure inclusion by making sure that people can access the programs they need when they need to. They also promote coordination and integration to increase effectiveness of individual interventions, and they improve the user experience and overall spending effectiveness. Indonesia has a well-developed social registry (*Data Terpadu Kesejahteraan Sosial*, or DTKS), housed in the Integrated Social Welfare Information System (SIKS-NG), which covers the bottom 40 percent of the population and has been managed by MoSA since 2017.⁶ The data quality of DTKS has direct impact on the targeting performance of social assistance programs, including PKH, and any improvement of data quality of DTKS would yield direct improvements in the allocative efficiency of social assistance spending.

9. **Gol has increasingly recognized the need for adapting the social assistance programs and relevant delivery systems to help build resilience against disaster risks and better support disaster victims.** Indonesia faces high and increasing risks from natural disasters, recently seen in the earthquake in Lombok and the earthquake and tsunami in Central Sulawesi in 2018. While the poor and vulnerable are often disproportionately affected by disasters and often resort to negative or damaging coping strategies post-disaster, their awareness of location specific disaster risks and knowledge of simple preparation and clear response actions are lacking. Existing government disaster response interventions to protect people are designed to operate separately from social assistance programs such as PKH. One bottleneck is lack of accurate data for disaster victims. Because the social registry only has disaster victims who were ranked in the bottom 40 percent of households, it has not to date been leveraged for supporting disaster response.

⁵ The food assistance program had been reformed from a subsidized rice program (Rastra) to an e-voucher food assistance program (BPNT) from 2017 to 2019. The program is renamed as Kartu Sembako in 2020 and now includes eight food items.

⁶ Before 2017 the DTKS was managed by the National Team for the Accelerating Poverty Reduction (TNP2K) under the Vice President's Office.



10. **An outbreak of the coronavirus disease (COVID-19) caused by the 2019 novel coronavirus (SARS-COV-2) has been spreading rapidly across the world since December 2019, following the diagnosis of the initial cases in Wuhan, Hubei Province, China.** Since the beginning of March 2020, the number of cases outside China has increased thirteenfold and the number of affected countries has tripled. On March 11, 2020 the World Health Organization (WHO) declared a global pandemic as the coronavirus rapidly spreads across the world. As of April 21, 2020, the WHO reported 2,471,136 confirmed cases, 169,000 confirmed deaths in 213 countries.

11. **The escalating COVID-19 outbreak constitutes a twin supply and demand shock whose full magnitude and duration remain unclear.** The Government designated a COVID-19 taskforce on March 13, 2020 for scaling up response efforts, shortly after the first confirmed case on March 2, 2020. As of April 19th, Indonesia has recorded over 6,500 confirmed cases along with 582 deaths. The GoI has taken a flurry of emergency measures – including containment measures (international travel bans, mandatory closure of businesses, working/studying/worshipping from home, limitations on gatherings), fiscal relief packages to cushion the impact on households and firms (social assistance measures, interest rate cuts, liquidity support, etc.), and measures to strengthen public health and health care responses. The disruptions in many economic activities and livelihoods would negatively affect not only the poor and vulnerable who have been covered by the country’s regular social protection programs, but also many self-employed and informal workers who were not covered and would need protection in this difficult time. To mitigate the expected welfare losses, the Government has introduced multiple emergency measures since early March to protect people. The two main social assistance programs are adapted to provide higher benefit and larger coverage. The benefit level of the food assistance program (Sembako)⁷ has been increased 33 percent for nine months and its coverage will be expanded from the current 15.2 million to 20 million families. 10 million PKH beneficiary families will receive two times benefits for April, May, and June and the payment frequency for the rest of year will continue on a monthly basis. Furthermore, a new unconditional cash transfer program is introduced to cover approximately nine million additional households who are registered in the social registry but are not receiving either PKH or Sembako benefits. In the meantime, a large proportion of Village Fund managed by over 70,000 villages will be repurposed to provide additional cash transfers to local residents who are not covered by any national program but have been negatively affected. Lastly, the budget of a newly launched training program (Kartu Pra-Kerja) has been doubled to provide recently unemployed workers online training courses and stipend during the training period.

B. Project Background

12. **The parent PforR – Indonesia Social Assistance Reform Program (P160665, US\$200 million) approved in May 2017 – has successfully supported the expansion and strengthening of PKH.** The Program Development Objectives (PDO) of the parent PforR are to support the conditional cash transfer program coverage expansion, strengthen its delivery system, and improve its coordination with other complementary social programs. The PforR Program has three corresponding results areas: (i) strengthening the program delivery systems to improve efficiency, transparency, and accountability; (ii) improving access to basic social services and complementary social assistance programs for PKH

⁷ As of March 2020, Sembako beneficiaries receive IDR 200,000 per month per household that they can exchange at around 80,000 e-Warong shops for rice, eggs, vegetables, fish, chicken and fruit and other eligible produce. They would now receive a 33 percent higher benefit for the coming six months. The program covers 25 percent of all households in Indonesia.



beneficiaries; and (iii) expanding coverage and improving inclusivity of PKH. The total World Bank commitment of US\$200 million is estimated to account for about 3.1 percent of the total PKH budget over 2017-2020.

13. Implementation of the parent PforR has exceeded expectations and is on track towards achievement of the PDO. The Mid-Term Review of the parent PforR revealed that the Government had achieved the final targets of three Disbursement Linked Indicators (DLI) and was making reasonable progress in the remaining six DLIs after the first two years of implementation. Sixty percent of the total commitment of US\$200 million has been disbursed, higher than originally anticipated. The recent 2019 DLI Report suggests that the final targets of another two DLIs had been achieved by the end of 2019, pending verification. The four most noteworthy results achieved by the Program are: (i) coverage expansion from 6 to 10 million beneficiary families; (ii) enrolling previously excluded eligible beneficiaries in remote areas despite operational challenges; (iii) payment modernization from cash-based disbursement to full coverage of electronic payments using bank accounts; and (iv) nation-wide scaling up of FDS to promote positive behavioral change among mothers and caregivers in beneficiary families regarding health, nutrition, education, and household finance management. In addition, PKH is also an essential part of Gol's Stunting Reduction Strategy. The ratings on achieving the PDO and Program Implementation have been consistently Satisfactory in the past 12 months.

14. The Gol has requested an Additional Financing (AF) of US\$400 million to support a scale-up of Program impact achieved under the parent PforR. As mentioned above, the proposed AF is anchored in Gol's overall program for targeted social assistance as defined in the RPJMN 2020-2024. The current RPJMN is the successor of the RPJMN 2015-2019, under which the parent PforR has been supporting PKH. The AF would support MoSA's efforts to further strengthen PKH's delivery system and improve complementarities in line with the parent PforR. It would also support Gol's latest plan to leverage PKH's delivery system to provide temporary emergency cash benefit to the poor and vulnerable in response to the COVID-19 pandemic. In addition, the AF would support two complementary efforts of MoSA to enhance the impact of its social assistance spending: (i) strengthening the delivery systems of the new Social Entrepreneurship program as a pathway to sustainable poverty reduction of PKH beneficiaries; and (ii) supporting inclusion of poor and vulnerable households in the social registry and expanding the use of the social registry for disaster response. In addition, the Gol has requested the extension of the parent PforR by one year to allow the completion of two DLIs and restructuring of one DLI.

15. Alternatives to AF were considered, such as the preparation of a new operation. However, the expanded scope of the proposed AF is a logical evolution of the parent PforR, including development of new delivery systems that can be further leveraged to enhance the impact of MoSA's programs. The expansion in coverage of PKH, the development of key payment and delivery systems and the decision to move the targeting platform under MoSA as of 2017 make it possible for MoSA to pursue a more integrated approach across its different programs. A stronger social registry will allow MoSA to leverage existing information to provide more tailored services to its beneficiaries, in line with their evolving needs. Among these additional services, economic empowerment programs feature prominently due to the need to support beneficiaries in diversifying sources of income and increasing their ability to support themselves. Figure 2 below summarizes the combination of continuity and expansion in scope of the AF vis a vis the parent PforR and shows how it fits within the long-term objective of supporting sustainable poverty reduction. It is worth highlighting that the AF focuses on the economic inclusion actions within control of MoSA (preparing the poor to improve business knowledge and microenterprise returns) and

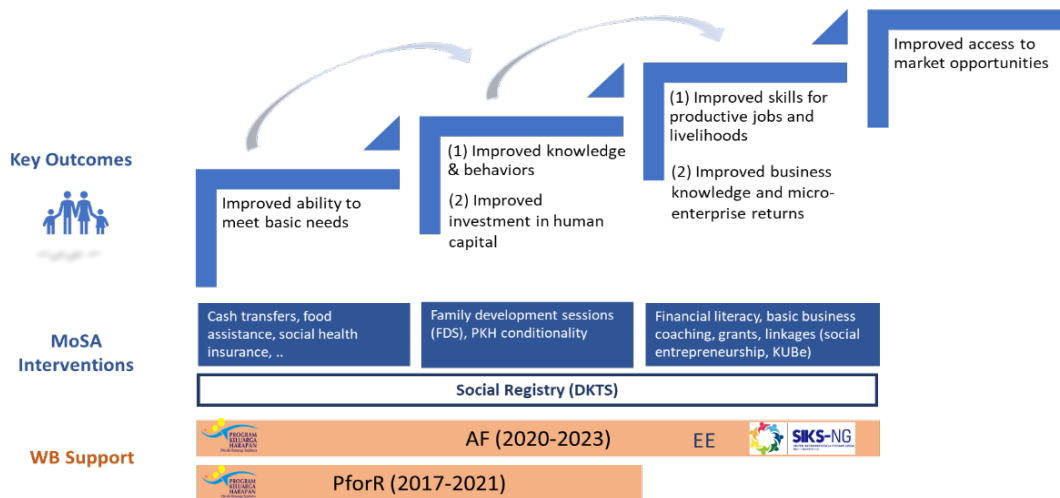


does not attempt to address the aspects of skills development/training for jobs. This latter area is the objective of a separate operation currently being prepared (*Indonesia Skills Development Project*).

16. **The AF is fully aligned with the World Bank Group’s twin goals of ending extreme poverty and promoting shared prosperity, as it will increase the capacity and effectiveness of the social assistance system to protect and improve the welfare of the poor and vulnerable.** It is in line with the focus of the Human Capital Project by promoting human capital development. The activities are also fully aligned with the World Bank Group’s Country Partnership Framework for Indonesia FY16-20 (Report No. 99172, Board Date November 3, 2015) which includes a central focus on improved service delivery and addressing inequities in income and opportunities. In addition, the AF Program will complement to several other engagements, including human capital focused *Investing in Nutrition and Early Years* and *Supporting Primary Health Care Reform*, service delivery centered *Village Institutional Strengthening Project*, and disaster resilience related *Indonesia Disaster Resilience Initiatives Project* and *National Slum Upgrading Project*. This AF is also a part of the package that the World Bank Group has prepared to support the Government’s responses to COVID-19. The two other operations currently under preparation are (i) *the Supplemental Financing Operation for the Indonesia First Financial Sector Reform Development Policy Operation* in the amount of US\$ 300 million to help cover an unanticipated financing gap due to the impact of the COVID-19 outbreak; and (ii) the *Indonesia Emergency Response to COVID19 PforR* in the amount of US\$ 250 million as part of the health-focused COVID-19 Fast Track Facility.

17. **In addition, the results-based nature of the Program is a powerful tool to promote convergence of efforts in technical assistance by other development partners around MoSA’s strategy.** For example, the Asian Development Bank since 2019 has initiated a technical assistance project of US\$2 million in support of PKH based on the same results framework established by the parent PforR. The expansion of the program to include the economic empowerment and social registry agendas represents an opportunity to promote further convergence with ongoing technical assistance provided by development partners, such as DFAT/MAHKOTA, who has been supporting the design of the new Social Entrepreneurship program. Several UN agencies, GIZ, and the World Bank are also supporting the GoI to develop a new Adaptive Social Protection framework.

Figure 2. AF Proposed Program Supports the GoI’s Vision for Integrated Social Assistance System





Source: Authors based on Gol strategy documents and announcements

II. INTRODUCTION

18. **This Program Paper seeks the approval of the Executive Directors to provide an additional loan in an amount of US\$400 million towards financing the Government program with estimated cost of about US\$8 billion over four years.** The original Loan of US\$200 million (Loan No 8750-ID) for Indonesia Support to Social Assistance Reform (P160665) was approved on May 9, 2017 and became effective on August 30, 2017. The Loan was originally expected to close by June 30, 2021. As of January 2020, US\$120.8 million has been disbursed and another US\$52 million could be disbursed after the verification confirms the results achieved by the end of 2019. The proposed AF will support the original three Results Areas and two new Results Areas. The PDO is modified to reflect the expanded Program boundary. Alongside the proposed AF, a Level I restructuring is also being proposed to: (i) replace DLI 5 (Share of PKH beneficiary families receiving other social assistance program benefits) with two DLIs, each tracking the share of PKH beneficiary families receiving one specific social assistance program benefit (food assistance and health insurance premium fee waiver) respectively⁸; and (ii) extend its closing date from June 30, 2021 to June 30, 2022. Additional time is needed to allow PKH to fully compensate two unexpected implementation challenges⁹ in two original DLIs: (i) preparing for an external e-PKH IT system audit and subsequent enhancements (DLI1); and (ii) reaching the final target of coverage ratio in hard-to-reach¹⁰ areas.

19. **PKH has been at the front and center of Gol's strategy of poverty and inequality reduction through family-based social assistance.** PKH as the flagship cash transfer program has achieved important human capital outcomes for its beneficiaries, as shown in successive impact evaluations. It is also the best targeted and the most adequate program in terms of the level of benefits it provides in Indonesia. Social protection integration outcomes under PKH are also higher than with other programs. Since the parent PforR started implementation in mid-2017, PKH has grown in size, equity, comprehensiveness, and efficiency – reaching 10 million beneficiary families (or more than 40 million people), reaching almost all remote areas, making benefit payment via bank accounts reliably, delivering Family Development Sessions (FDS), and having a 40,000-strong on-the-ground implementation team to support the beneficiaries. However, there is still room to improve upon these outcomes. Many families have been in the program for longer than was originally designed due to the lack of an inbuilt reassessment mechanism, and recipients can be better prepared to access additional opportunities to develop their income generating capacity and reduce the need for social assistance. A mechanism to periodically reassess the socioeconomic situation of PKH beneficiary families in line with their evolving needs would help MoSA reduce the inclusion error and better identify households for whom its own economic empowerment programs could be most effective.

20. **There is now an opportunity to build on PKH's coverage and stronger delivery systems to deepen the effectiveness of transfers by enhancing economic empowerment for a cohort of beneficiaries.** Because of its wide geographic coverage and knowledge of household needs, MoSA is

⁸ The third social assistance program PIP (Program Indonesia Pintar) is excluded because Gol is in the process of merging it with PKH.

⁹ One challenge is the delayed deployment of the new PKH information system. Another challenge is due to severe civil violence in Papua, which negatively affected PKH operation in the province.

¹⁰ MoSA has defined a list of hard-to-reach (typically remote or isolated and border) areas and developed a special operation approach called "PKH Akses".



uniquely placed to serve as a “bridge” between PKH recipients and complementary services such as scholarships, training, employment services, financial assistance, etc., provided by other actors, public and private.¹¹ In the area of training for business development, this linkage function is very important. PKH beneficiaries engage in different types of income generation activities, and many of them run small household enterprises but have limited business or marketing knowledge and no clear path to receive technical assistance. The GoI has a number of mainstream entrepreneurship, financing and business support services, but these have a hard time reaching the poor.¹² Based on this premise, MoSA has designed a new social and economic empowerment (SEE) program called Social Entrepreneurship (SE) that combines a cash grant as seed capital with technical assistance for business development, provided by contracted-out partners at the local level.¹³ This is an innovative delivery system that attempts to leverage comparative advantage of existing actors/agencies. SE is expected to reach 15,000 beneficiaries in its first year, all PKH graduates that have recently exited the program.¹⁴

21. A wealth of lessons has been generated globally on how to do this more effectively and on which MoSA can draw. Experience with graduation programs globally has demonstrated the effectiveness of a consistent set of carefully sequenced components: consumption assistance to ease cash flow shortages and meet basic needs; access to financial services (mostly savings) to instill financial discipline and increase the ability to cope with shocks; seed capital (or in-kind asset transfer) coupled with technical skills training to build income-generating capacity; and mentoring to build confidence and self-esteem. Complementary economic inclusion programs that converge government-led cash transfer and livelihood programs for the poor are a promising development for countries aiming to do this at a larger scale.¹⁵ In these cases, the social assistance program provides the cash transfer while the livelihood program provides the rest of the package. Common delivery systems, including social registries for beneficiary identification and electronic payment mechanisms, facilitate this integration. The Philippines Sustainable Livelihood Program (SLP) was introduced in 2011 to help generate sustainable livelihoods for *Pantawid Pamilya* CCT beneficiaries (80 percent of total SLP participants) and poor households. The national social

¹¹ For example, MoSA had mandated that PKH facilitators also support the implementation of the food assistance program BPNT. Some PKH facilitators have actively started to link the beneficiaries to additional opportunities such as GoI’s micro-finance programs and tertiary education scholarships by their own initiative.

¹² A recent study by MAHKOTA and SMERU (Strengthening Economic Opportunities for Family Hope Program Families, 2020) conduct a detailed analysis of the livelihood landscape of PKH beneficiaries across four districts in Java shows that only 16 per cent of respondents had ever received support through complementary interventions such as training or business support. Even the few who had participated reported that the schemes had minimal impact on their economic wellbeing.

¹³ While a strong economic inclusion strategy should assist participants in pursuing wage employment (through training and/or employment services) as well as self-employment, additional efforts by MoSA to support social assistance beneficiaries in pursuing wage employment or training would likely focus on increasing awareness of existing services and – possibly – referring selected beneficiaries to them. If MoSA can successfully strengthen its capacity to profile, prepare and link beneficiaries to entrepreneurship training and microfinance programs, it could build on the mechanisms developed to expand the approach to include training and employment services.

¹⁴ The term “graduates” is used here to refer to all former recipients of PKH, regardless of the formal reason for exiting the program. It does not imply that the PKH family has necessarily undergone a socioeconomic assessment to determine that it no longer required income support. However, the SE program will aim to target PKH graduates that have existing household enterprises. MoSA will roll out a first pilot for about 1,500 and then scale up the approach to the additional households before the end of the year.

¹⁵ These are most common in Latin America, with programs such Peru’s Haku Wiñay, Colombia’s Jóvenes en Acción, Brazil’s Plano Brasil Sem Miséria, Nicaragua’s Red de Protección Social, among others. These provide complementary interventions (asset transfers, training, financial education, seed funding, micro-entrepreneurship support, labor intermediation, etc.) to cash transfer beneficiaries.



registry is used to identify participants, that are then selected following a household evaluation to determine wellbeing, likelihood of exit from poverty, and household capacity. SLP provided participants either microcredit or employment facilitation, through access to seed capital, training, locally available jobs and public works.¹⁶ Similarly, in 2018, Pakistan launched its National Poverty Graduation Strategy, which includes collaboration between the Benazir Income Support Program (BISP) and The Pakistan Poverty Alleviation Fund (PPAF) to help BISP beneficiaries graduate from poverty. This would involve provision of financial services, asset transfers and training, with beneficiaries being identified using the social registry and further screened for potential to benefit from these services.

22. A dynamic and inclusive social registry that supports robust targeting and provides up-to-date information on beneficiaries' evolving needs is central to support MoSA's ability to deliver on this agenda. As the responsibility of collecting and updating data is now with local governments, the ability of DTKS to maintain quality data depends on the ability of local governments to collect data and, fundamentally, on the ability of MoSA to determine adequate standards and incentivize local governments to meet them. The social registry should be able to use data from MoSA's programs such as PKH and others to update key information, as programs are often those that have had the most recent contact with beneficiaries and have the most updated information. Strengthening the quality, completeness, and timeliness of the data, as well as interoperability with related systems within and beyond MoSA can also support the effectiveness of Gol's disaster responses. In the immediate and medium-terms aftermath of a pandemic such as COVID-19 or a large-scale natural disaster, a large segment of the population can fall into poverty and need social assistance. Given that the DTKS only includes the poorest 40 percent nationally, its ability to tap into the population registry managed by the Ministry of Home Affairs (MoHA) and take innovative measures to capture relevant data would make it possible for it to play a central role in delivering essential benefits to the population affected by a disaster or epidemic.

23. The proposed AF would help finance the expenditures associated with the scale-up of Program results in line with the above. The proposed AF would continue to support results areas under the parent PforR as follows: (i) implementing a new beneficiary socio-economic status assessment system in order to monitor progress and evolving needs (under Results Area 1); (ii) strengthening PKH human resources performance management and career development in the light of the recent Social Worker Law and Civil Servant Law (under Results Area 1); and (iii) enhancing FDS for emerging needs of beneficiaries to promote positive behavior change (under Results Area 2). In response to the ongoing COVID-19 pandemic emergency, the AF will support Gol to introduce a temporary emergency benefit under PKH to reduce COVID-19's negative impact to the poor and vulnerable (under Results Area 1). In addition to this, the AF would support two complementary results areas expected to further enhance the impact of the Program (i) strengthening PKH graduates' access to and delivery systems for the new Social Entrepreneurship program (under new Results Area 4); and (ii) ensuring that social registry data is regularly updated and complete; sourcing relevant data from other government databases and improving data use environments and dissemination channels; and establishing data sharing with population registry and disaster management agencies to develop a disaster victim database (under new Result Area 5). These new results are aligned with the related strategic directions of the RPJMN 2020-2024¹⁷.

¹⁶ Acosta & Avalos 2018

¹⁷ For National Priority 3: Enhancing Human Capital Quality, a number of strategic directions and specific activities are identified

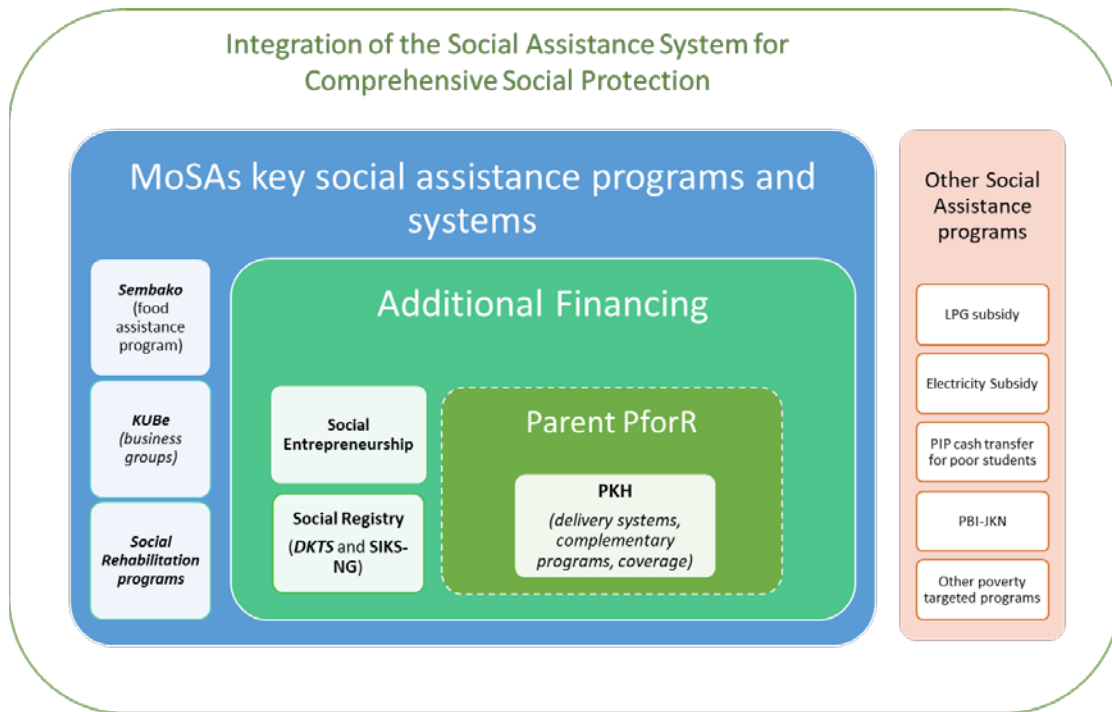


III. PROPOSED CHANGES

24. The proposed AF sustains a core focus on PKH and expands the Program boundary of the parent PforR to include additional complementary programs and systems managed by MoSA in response to the Gol’s envisioned integration of the social assistance system. In addition to PKH managed by the Directorate General (DG) of Social Security and Protection (Linjamsos), the AF Program will also include the Social Entrepreneurship program managed by the DG of Social Empowerment (Dayasos), and the social registry managed by MoSA’s Social Welfare Data and Information Center (Pusdatin).

25. The AF has a modified PDO to reflect the expanded scope. The modified PDO is “to support the Conditional Cash Transfer Program coverage expansion, strengthen the Social Registry and delivery systems¹⁸ of the Conditional Cash Transfer Program and the Social and Economic Empowerment Program, and improve the coordination between these programs and other complementary social programs.” This AF would contribute to increasing the effectiveness of the social assistance system and is consistent with the parent PforR’s high level objective of improving poor and vulnerable families’ welfare and opportunities.

Figure 3. Comparison of Program Boundary of Parent PforR and AF



in the RPJMN. They include improving synergy between DTKS and population data and other social assistance databases, strengthening the role of facilitators, strengthening and accelerating family economy – entrepreneurship training and access to productive activity for poor and vulnerable families, access to ultra-micro financing, stimulant for productive economic business for poor and vulnerable families, and social entrepreneurship, etc.

¹⁸ Delivery systems refers to the implementation mechanisms that allow MoSA to identify and enroll beneficiaries, and deliver its programs (HR, payments, GRS, and information system).



26. **The AF Program also modifies the definition and targets of some of the existing PDO indicators.** The progress toward achieving the revised PDO will be measured through the four original indicators, two modified ones, and three new ones. Three proposed new PDO indicators would measure progress on the incremental areas included in this AF. First, progress by MoSA in re-assessing PKH beneficiary families’ socio-economic status to reduce inclusion errors in targeting. Second, extending the set of complementary programs for selected PKH beneficiaries to include the new Social Entrepreneurship program run by MoSA. Third, progress by local governments in improving and maintaining the quality of the social registry data. All these indicators will have targets for 2020-23. Table 1 summarizes these PDO indicators. In addition, gender disaggregated measures for the three individual-based PDO indicators will be monitored.

Table 1. Comparison of the PDO Indicators between the parent PforR and AF Program

Parent PforR	AF
<p>1. <i>To strengthen the CCT program’s delivery system</i></p> <ul style="list-style-type: none"> • % of sub-districts with PKH beneficiary families having switched to cashless payment methods (<u>achieved</u>) 	<p>1. <i>To strengthen the social registry and delivery systems of the CCT and SEE programs</i></p> <ul style="list-style-type: none"> • % of sub-districts with PKH beneficiary families having switched to cashless payment methods • % of PKH beneficiaries having had their socio-economic status reassessed during the past two years • % of local governments that are submitting updated data that meets DTKS standards
<p>2. <i>To improve CCT program’s coordination with other complementary social programs</i></p> <ul style="list-style-type: none"> • % of 0–6 years in the PKH families who received basic health and nutrition services • % of 7–18 years in PKH families attending primary, junior, and senior secondary school at least 85% of the time (<u>achieved</u>) • % of PKH beneficiaries receiving other social assistance program benefits 	<p>2. <i>Improve the coordination between these programs and with complementary social programs</i></p> <ul style="list-style-type: none"> • % of 0–6 years in the PKH families who received basic health and nutrition services • % of 7–18 years in PKH families attending primary, junior, and senior secondary school at least 85% of the time • % of PKH beneficiaries receiving Rastra/BPNT/Sembako • % of PKH beneficiaries with family member receiving PBI-JKN • % of new SE program recipients that are former recipients of PKH
<p>3. <i>To support the CCT program coverage expansion</i></p> <ul style="list-style-type: none"> • number of beneficiary families (<u>achieved</u>) 	<p>3. <i>To support the CCT program coverage expansion</i></p> <ul style="list-style-type: none"> • Number of beneficiary families

27. **The proposed AF would have five results areas in support of the modified PDO.** The first results area is revised to include the emergency response to COVID-19, while the second and third results areas remain the same as for the parent PforR. Two new results areas are added to accommodate the expanded

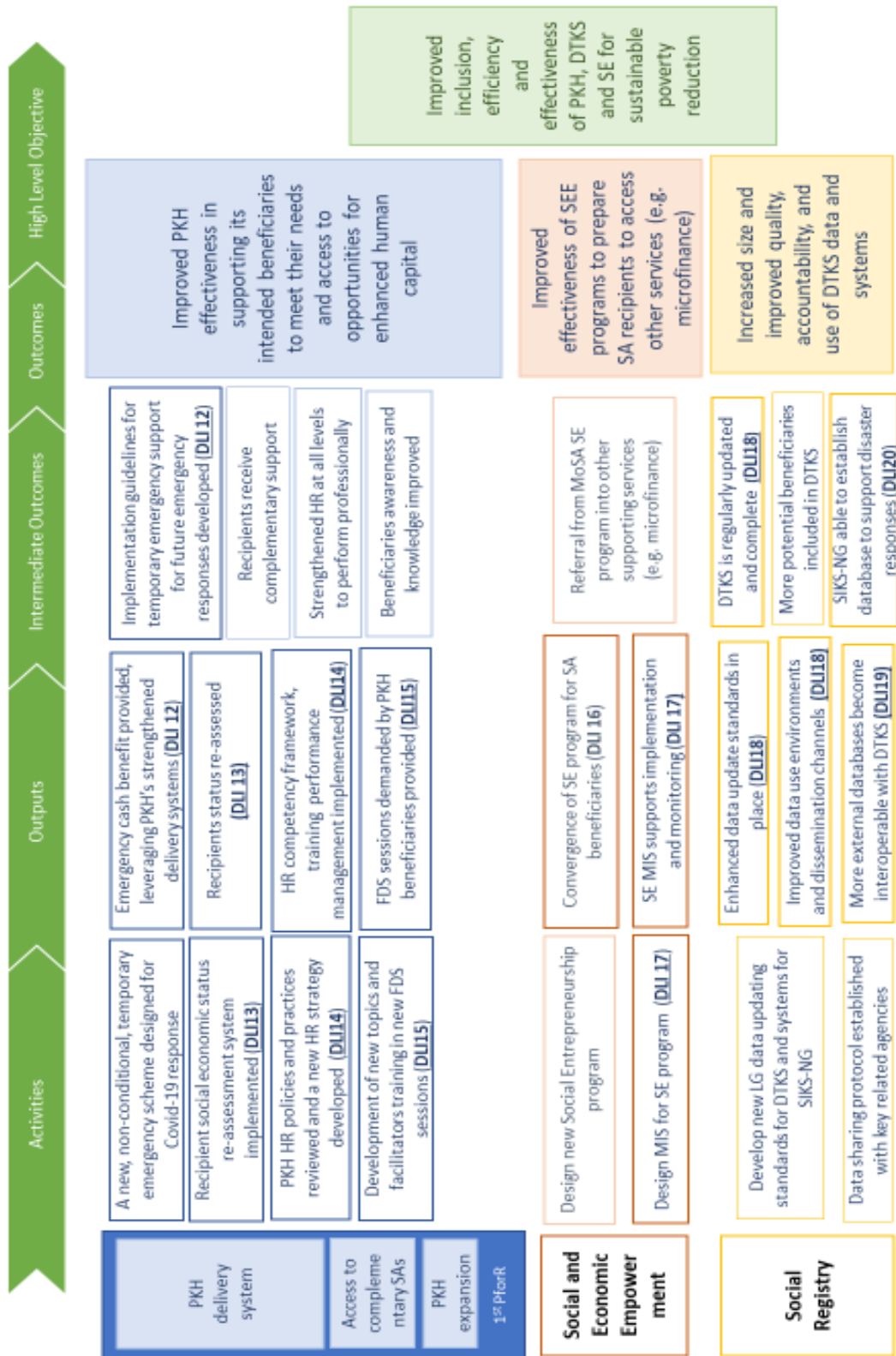


scope. Figure 5 summarizes key areas and activities in the results chain. The five results areas are the following:

- **Results Area 1 (modified).** *Strengthening the PKH delivery system to improve efficiency, transparency, and accountability, and to leverage that system in the response to the COVID-19 pandemic*
 - **Results Area 2.** *Improving access to basic social services and complementary social assistance programs for PKH beneficiaries*
 - **Results Area 3.** *Expanding coverage and improving inclusivity of PKH*
 - **Results Area 4 (new).** *Strengthening PKH beneficiaries' access to and delivery systems for the SEE program*
 - **Results Area 5 (new).** *Supporting inclusion of poor and vulnerable in DTKS and expanding the use of DTKS for disaster response*
- a. **The first three results areas aim to strengthen PKH to become a “Cash Plus” platform for Indonesia’s social assistance system.** Leveraging the PKH’s strengthened delivery system, in particular the bank account based electronic payment mechanism, GoI plans to introduce a temporary, unconditional emergency cash transfer intervention to provide a top-up benefit to the existing beneficiaries of PKH in order to reduce COVID-19’s negative impact to the poor and vulnerable. The bottom 15 percent of population, or about 40 million people, could benefit from this temporary emergency cash transfer. This type of short-term intervention can become one of several standard measures to be considered by GoI for future large-scale natural disasters and shocks such as epidemics. Therefore, the AF will support GoI’s immediate implementation of this temporary emergency cash transfer measure as a part of the COVID-19 response package as well as the development of standard implementation guidelines for such intervention in the future (under the modified Results Area 1). In addition, this AF will continue to strengthen PKH’s core delivery system to improve overall program’s effectiveness and efficiency. Specifically, this AF would support PKH’s new efforts to: (i) implement a new beneficiary socio-economic status assessment system to monitor the beneficiaries’ family situation and promote links to the provision of more appropriate programs and services (e.g. economic empowerment programs, post-secondary education) to households that may have become less vulnerable or are otherwise ineligible over time (Results Area 1); (ii) strengthen the current human resources (HR) career development and performance management practices for PKH facilitators, coordinators and expert staff (Results Area 1); and (iii) further strengthen complementary services provided by PKH, such as FDS that complement the cash transfer by providing knowledge and life skills on key topics (Results Area 2). PKH will introduce new topics (e.g., family planning for reproductive health, smoking prevention, and disaster preparation) and upgrade existing topics (e.g., parenting for early year learning).
- b. **Results Area 4: Strengthening PKH beneficiaries’ access to and delivery systems for the SEE program.** In recent years, real income growth for the bottom quintile has been lower than the population average. It is critical to promote economic empowerment of poor and vulnerable households that are not reached by mainstream entrepreneurship training/microfinance programs. MoSA is launching a new Social Entrepreneurship program to support selected PKH recipients with micro-enterprises to better manage and gradually grow their business, acquiring basic skills and information that will enable them to access mainstream economic development programs provided by other partners in the public and private sectors. The AF would support efforts to maximize the use of existing information on PKH beneficiaries in MoSA’s information systems (PKH beneficiary database, as well



Figure 4: Additional Financing Results Chain - Overview





as DTKS) to identify potential beneficiaries, and more effectively manage transitions between programs. The DLIs would address: (i) the convergence of SE with PKH, by ensuring that all new SE beneficiaries are PKH graduates and (ii) development and deployment of an Information System (IS) for the SE program to strengthen program monitoring and management, and facilitate linkages between MoSA’s programs, as well as external programs down the line.

c. Results Area 5: Supporting inclusion of poor and vulnerable households in DTKS and expanding the use of DTKS for disaster response. A reliable, regularly and accurately updated DTKS is critical for assessing needs and conditions of the population and determining their eligibility for social protection programs. A dynamic data updating process has been rolled out for local governments to update data of existing registrants and propose new families. This should help to reduce exclusion of poor households from benefits. However, performance by local governments to date is mixed in terms of the completeness, timeliness and quality of data provided to the DTKS. This process needs to be strengthened by incentivizing local governments to continuously and fully update data and to ensure appropriate updating protocols and standards are in place. In addition, the overall accuracy of the DTKS can be enhanced if relevant data can be sourced horizontally from other institutions, as well as key social assistance programs’ IS within MoSA and from other social protection program implementing agencies, therewith reducing the need for duplication of data collection efforts. For example, education attainment from Education Primary Data (DAPODIK) of the Ministry of Education and Culture could be made interoperable with DTKS, which could then feed into social protection programs (such as PKH) that need this information to determine eligibility. Information on vehicle registration, civil servants and tax data could be used to update information bilaterally while also helping MoSA determine errors of inclusion. Lastly, the DTKS can become the central database the government can use to respond to disasters and emergencies in a timelier manner and with a larger coverage if it can be linked to full population data from the population registry and disaster damage and response needs for the areas and population affected.

28. **The proposed AF will include nine DLIs: (a) three for Results Area 1 and one for Results Area 2, (b) two for Results Area 4, and (c) three for Results Area 5.** The four DLIs under Results Areas 1, 2, and 3 together are allocated US\$200 million, the two DLIs under Results Area 4 are allocated US\$70 million, and the three DLIs under Results Area 5 are allocated US\$130 million. Table 2 provides an overview of all DLIs of parent PforR and AF after the restructuring. The AF Program will finance one prior result under DLI #12 “PKH introduces a temporary emergency cash transfer scheme in response to COVID-19 and other large-scale shocks” at the amount of US\$98 million (24.5 percent of the total loan proceed), which is expected to be met before the signing of the AF Legal Agreement. All other Disbursement-Linked Results (DLR) are expected to be achieved by December 31, 2023.

Table 2. DLIs of Parent PforR and AF

Parent PforR for 2017-2021 ¹⁹ and AF Program for 2020-2023		Parent PforR Allocation (US\$, million)	AF allocation (US\$, million)
RA1: Strengthening the CCT program delivery system to improve efficiency, transparency, and accountability, and to leverage that system in the response to the COVID-19 pandemic			
DLI 1	PKH PMIS enhancements implemented	10	

¹⁹ The Parent PforR will be extended to 2021 to allow DLI1, DLI9, and DLI5 (DLI10 and DLI11) to complete implementation.



DLI 2	Share of sub-districts with PKH beneficiary families having switched to cashless payment methods	30	
DLI 3	An enhanced GRS rolled out after evaluation of pilot	10	
DLI 4	Share of PKH beneficiary families, for which verification of their respective conditionality is recorded in PKH PMIS	30	
DLI 12	PKH introduces a temporary emergency cash transfer scheme in response to COVID-19 and other large-scale shocks		100
DLI 13	Share of PKH beneficiaries having had their socio-economic status reassessed during the past two years		30
DLI 14	Share of non-civil servant HR contracted by MoSA for PKH implementation with their KPIs having been monitored quarterly		50
RA2: Improving access to basic social services and complementary social assistance programs for PKH beneficiaries			
DLI 5	Share of PKH beneficiaries receiving other social assistance program benefits ²⁰	30	
DLI 6	Share of PKH beneficiaries whose NIK numbers have been verified	10	
DLI 7	Number of PKH mother groups that have received FDS from trained facilitators	40	
DLI 15	Share of PKH mother groups that have been provided the relevant FDS per their choices		20
RA3: Expanding coverage and improving inclusivity of the CCT program			
DLI 8	Total number of PKH beneficiary families	20	
DLI 9	Ratio of number of PKH beneficiary families to number of the targeted families in areas categorized by the Ministry of Social Affairs as remote and border areas	20	
RA4: Strengthening PKH beneficiaries' access to and delivery systems for the SEE program			
DLI 16	Share of new SE program recipients that are former PKH recipients		20
DLI 17	Monitoring System for SE program is operational		50
RA5: Supporting inclusion of poor and vulnerable households in DTKS and expanding the use of DTKS for disaster response			
DLI 18	Share of local governments that are submitting updated data that meets DTKS standards		50
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		30
DLI 20	MoSA establishes a disaster victim database to support better disaster response		50
Total		200²¹	400

29. **Implementation Arrangements.** For the first three results areas, the implementation arrangement remains unchanged from that of parent PforR. For Results Area 4, the SE program is managed by the Directorate for Empowerment of Individual, Family, and Community Institution (PSPKKM)

²⁰ DLI 5 will be restructured to become two indicators: DLI10 "Share of PKH beneficiary families receiving food assistance benefits (Rastra/BPNT/Sembako)" and DLI11 "Share of PKH beneficiary families with at least one member receiving health insurance premium fee waiver (PBI-JKN)", each with US\$ 15 million allocation from the Parent PforR.

²¹ Out of US\$ 200 million of the Parent PforR, US\$ 120.8 million has been disbursed against the achievements in 2017 and 2018. Per the MoSA's 2019 DLI report, about US\$ 52 million is expected to be disbursed against the achievements in 2019.



under DG Dayasos and implemented through partners contracted by PSPKKM at the national level and supported by local social affairs offices. Partners will include universities with micro-business development programs, the business service centers (PLUT) established by the Ministry of Cooperatives and SMEs, business incubators run by private sector, etc. The partnership will be governed by Memorandum of Understanding (MoU) or other types of agreements. For Results Area 5, the DTKS/SIKS-NG is managed by Pusdatin according to the MoSA Regulation on DTKS. Local governments are obliged to update DTKS data per the Law Number 13 of 2011 on Poverty Management and required to follow the MoSA Regulation and technical guidelines for implementation.

30. The proposed AF includes programs and/or systems under two DGs and Pusdatin, all within MoSA. Hence the proposed AF will require a coordination mechanism to ensure a steady flow of communication and coordination across results areas, as well as carry out required verification and communication with the World Bank. For this purpose, the Head of the Planning Bureau under the Secretary General of MoSA will serve as the head of this coordination and monitoring unit, which will be composed by the representatives of the two DGs involved, as well as the head of Pusdatin.

31. **Verification Protocols.** The Independent Verification Agency for the parent PforR, BPKP (Financing and Development Supervision Agency), will continue to serve the same role for the AF Program, and will be appointed no later than one month after Program effectiveness. The annual verification cycle starts with MoSA submitting a DLI achievement report by the end of January for the previous year and BPKP submitting a DLI achievement verification report by the beginning of April. The verification timeline will be adjusted to accommodate the need for fast disbursement in response to the COVID-19 emergency.

32. **It is estimated that the AF financing will represent 4.8 percent of the total government program budget over the next four years.** The estimated budget is sourced from the budget projections in the RPJMN and MoSA’s draft Strategic Plan (Renstra) 2020-2024. The budget realization ratios for PKH and DTKS have been consistently high in the past 3 years.

Table 3. Program Financing, 2017-2023

Program Budget (Million USD)	2017		2018		2019		2020	2020 - 2023
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Estimated Budget
Social Entrepreneurship							0.4	1.7
Pusdatin	4.2	3.9	7.9	7.4	11.4	10.7	9.4	37.8
PKH	800.4	779.0	1,071.6	1,076.8	2,157.3	2,156.0	2,475.4	8,338.0
Program total	804.6	782.9	1,079.4	1,084.2	2,168.7	2,166.6	2,485.2	8,377.5



Table 4: Program Boundaries

Financing Source	Original Program	AF Program	Total
BORROWER/RECIPIENT	\$6.3 billion	\$8.0 billion	\$11.8 billion
IBRD/IDA	\$200 million	\$400 million	\$600 million
TOTAL	\$6.5 billion	\$8.4 billion	\$12.4 billion

33. **The World Bank will also agree to advance payment to the Borrower up to US\$100 million of the IBRD financing to complement the government funding to carry out activities towards achieving the DLIs.** When the DLR of a DLI against which an advance has been disbursed is achieved and verified, the World Bank will record an amount of the advance as disbursed after it has notified the Borrower of its acceptance of the evidence of achievement of the result for which the advance was provided. The amount recovered will become available for further advances. This rolling advance will be adjusted against the claims for disbursement against DLIs. The World Bank requires that the Borrower refund any advances (or portion of advances) if the DLIs have not been met (or have been only partially met) by the Closing Date of the Program, promptly upon notice thereof by the World Bank.

IV. APPRAISAL SUMMARY

A. Technical

34. **The World Bank’s technical assessment of the sector confirms that the proposed operation is strategically relevant to the Government’s development objectives.** The RPJMN recognizes both the need to support special programs for the poor - such as PKH and other family based social assistance programs - as well as the need to promote gradual independence of social assistance recipients by developing their income generation capacity. The economic analysis (see Annex 2) also supports the case for the proposed AF.

35. **PKH is one of the key programs comprising Indonesia’s social safety net and is effective in supporting several Gol priorities.** A comprehensive social assistance system is an important prerequisite for sustained and inclusive economic growth. It reduces poverty by providing direct income support, through cash transfers such as PKH and PIP, and protects against economic shocks by fostering access to social insurance through PIS and fee waiver to access the public health insurance scheme. The continued consolidation of PKH’s delivery systems such as by strengthening the periodic assessment of households or HR management practices for its key staff contributes to make it an increasingly solid and transparent program, as well as a powerful platform to provide the poorest households with additional services, either directly through PKH (such as through FDS) or by linking recipients with new opportunities.

36. **However, supplemental interventions are necessary to translate social assistance beneficiaries’ higher human capital into economic opportunities.** PKH is not a replacement for employment and additional efforts are needed to support the poor in becoming self-sufficient. The body of evidence on PKH shows significant positive impact of the program on fostering human capital development. However, to promote greater economic inclusion, more tailored and integrated interventions are required for all working age household members. The importance of linking the poor to productive programs is



particularly great given the high economic and social marginalization of the areas in which beneficiaries tend to live, which creates significant barriers to market opportunities. A recent study²² conducted a detailed analysis of the livelihood landscape of PKH beneficiaries in four districts in Java. It is a small sample, but the findings are a powerful reminder of how difficult it is for these populations to access complementary livelihood services and even markets, due to limited social capital, poor information, eligibility requirements, cost of traveling and road conditions, etc.

37. **As it seeks to increase the sustainability of the investment in its beneficiaries, MoSA also needs to strengthen its own economic empowerment approach.** Linking existing beneficiaries to additional productive programs, fostered through a well-functioning social registry, is expected to increase the effectiveness of PKH (and social assistance more broadly) in raising income and consumption and reducing poverty of beneficiary households. But the ability to achieve this impact – and the soundness of the approach – depends at least in part on the effectiveness of the program used. The new Social Entrepreneurship program will be testing an innovative delivery mechanism, by contracting out the mentoring and business development advisory assistance to be provided to participants for a more successful business development and marketing strategy. In addition, it will develop an IS to support a more systematic evaluation of results, as well as try to leverage more systematically linkages with existing information from other databases, including the social registry.

38. **The design of the new SE program is being finalized, based on lessons learned from international experience with graduation and livelihood enhancement programs.** While several operational details are still under discussion, the program’s key elements have been agreed upon and take into consideration key lessons learned by MoSA during the implementation of similar programs,²³ as well as international experience²⁴ that has generated compelling evidence on the impact of a sequenced and comprehensive package of support:²⁵

- *Target group:* households that have recently graduated from PKH. The program is also evaluating the possibility of expanding eligibility to households about to graduate from PKH, as operational capacity improves.
- *Selection of participants and business potential.* Facilitators conduct a pre-assessment of business potential for all eligible households to ensure that participants are well placed to participate in the program. This assessment is conducted by the business mentors themselves, and not program level facilitators.

²² SMERU and MAHKOTA (2020), Strengthening Economic Opportunities for PKH Families. A Case Study of Four Districts in Java.

²³ MoSA’s KUBe program provides a cash grant to business groups formed by the poor that are living in the same village/community, together with light training from a social facilitator. The latest KUBe Regulation recognizes that KUBe faces considerable challenges (see Technical Assessment for a more detailed discussion) in critical areas such as identification of business potential in the selection process, facilitator support and program monitoring, which tends to place higher priority on accountability of KUBe management than key aspects such as experience, skills development and types of business. It is likely that if successful, Social Entrepreneurship could become MoSA’s flagship social and economic empowerment program.

²⁴ Pilots implemented by the Consultative Group to Assist the Poor (CGAP) and Ford Foundation internationally have generated robust evidence, albeit on a relatively small scale (500 households), on the effectiveness of a sequenced approach to livelihoods strengthening that includes safety net consumption support, savings, technical and business skills training, coaching and mentoring, and a grant component. See also Technical Assessment for more details.

²⁵ The design of the SE program has been developed with technical assistance from MAHKOTA.



- *Terms of Reference (ToR) and profile/capacity of facilitators.* Possibly the most significant innovation of the SE program is its decision to partner with external actors that can provide participants with skilled mentorship and business support services. The model is meant to be flexible and leverage existing services and capacity on the ground. The program is mapping out possible partners and to date has reached out to the Ministry of Cooperatives and MSMEs (in charge of MSME integrated business service centers at the local level - PLUT), the Ministry of Home Affairs (in charge of local level BUMDes²⁶) and a number of local universities, among others. PLUT facilitators are trained by the local *Dinas office for Cooperatives and MSMEs* across key business areas such as management, marketing, processing, obtaining licenses and permits, linkages with financial services providers, etc.²⁷ Developing strong MoUs and agreements with service providers, including – if possible – performance-based elements, should be a priority as the program moves into the implementation phase.
- *Integrated (and sequenced) package of support* that includes: analysis of market potential, cash grant, technical assistance/coaching provided by partner organizations with relevant technical skill, assessment of condition and linkage to microfinance opportunities at exit. These microfinance opportunities have been mapped out as well, and include key GoI programs such as micro-finance (KUR), ultra-micro finance (UMi), etc.²⁸

39. **A strong program IS would allow MoSA to properly monitor and manage the Social Entrepreneurship program and progressively strengthen and harmonize its approach.** Without timely information on key variables related to program management and implementation, Directorates responsible for the different programs will not be able to understand whether changes are bringing the results that they envision. The provision of comprehensive technical and financial assistance sought by the SE has proven to be challenging to implement at scale. The innovative approach of outsourcing the provision of technical assistance is welcome and must be monitored effectively. In addition, a new IS could make it easier for SE to leverage existing information in other programs' databases (e.g. PKH), as well as in the social registry itself. The re-assessment of PKH beneficiaries' socioeconomic status supported under DLI 13 would be particularly useful.

40. **The social registry has been a central building block of Indonesia's social assistance system.** The first generation of the social registry, the Unified Database (UDB), was developed in 2011 and was managed by the Vice President's Office for Accelerating Poverty Reduction (TNP2K) until 2017. It was developed using the socio-economic data of 23 million households collected by Statistics Indonesia (BPS). The 2011 data collection exercise was built on an earlier database, which was established in 2005 and

²⁶ Village enterprises.

²⁷ The training curriculum was developed by KOMPAK (Governance for Growth), a facility funded by the Government of Australia to work with the GoI to find solutions for service delivery challenges. It has been mainstreamed through online courses.

²⁸ In 2007, GoI introduced a micro-financing scheme (Kredit Usaha Rakyat, KUR), followed by ultra-micro credit financing scheme (UMi) in 2017. Both KUR and UMi are intended to be pathway to improve the welfare of social assistance recipients. KUR is managed under the Coordinating Ministry of Economic Affairs; it follows regular borrowing procedures set by banks and other financial institutions, but the interest rate is subsidized by the Government (6 percent for 2020). The maximum loan amount for a KUR credit in 2020 is IDR 50 million. UMi provides credit for productive activities to non-bankable population, with maximum amount of loan of IDR 10 million, together with mandatory training and facilitation. At the end of 2018, the total number of borrowers has reached 846,547. The majority of the borrowers are female (91%). Large numbers of the borrowers are between the age of 40-49 (35.8%) and 30-39 (31.6%). Majority of borrowers (62%) take out small amount of loan of less than IDR 2.5 million.



updated in 2008 for implementing an unconditional cash transfer to compensate for the fuel subsidy reforms. The 2011 UDB incorporated provincial-level Proxy Means Test (PMT) models to rank the enlisted households by predicted welfare. In 2012, the resulting relative rankings were used to determine the allocation of central social protection spending totaling approximately 0.5 percent of GDP in 2012. In 2015, the existing households were re-surveyed by BPS and village leaders were allowed to propose new beneficiaries for potential inclusion in the UDB. As a result, the database grew to cover 25 million households and an updated PMT was used to re-rank these households.

41. The institutional arrangements of the social registry present both challenges and opportunities.

The management of the social registry has moved from TNP2K to MoSA since 2017. Since the transition there have been important innovations in data management and dissemination with periodic updating by local governments being the most significant one. While decentralized data updating is an important step toward more dynamic data updating, quality control has become more of an issue. Local governments have received some guidance on data updating procedures but inevitably will chart their own paths, contingent on their resource availability, to channel updates to DTKS. Notably, districts with a higher number of poor households will likely have less resources to allocate to ensure a comprehensive and good quality update to the DTKS. In addition, the task of both increasing the interoperability of the social registry with key administrative databases and designing, evaluating and implementing optimal PMT models, including a foray into machine learning techniques, is taking place at the same time and, if managed correctly, can enhance the efficiency of the social registry further at the margins.

42. Strengthening the social registry is critical to the Gol's goal of allocating social protection programs to the poor and vulnerable population with high accuracy²⁹ and in an effective way.

As of early 2020, DTKS contains socio-economic information of 27 million households that comprise the poorest 40 percent of the Indonesian population,³⁰ mainly sourced from 2015 UDB. It aims to ensure inclusion and accurate targeting of core social assistance programs PKH, PIP, Rastra/BPNT and PBI-JKN, with combined spending of 0.7 percent of GDP in 2019. Given constraints on the fiscal side, strengthening data updating mechanisms of DTKS will improve the level of targeting accuracy and hence improve both effectiveness and efficiency of government spending in social assistance.

43. DTKS can also enable more timely disaster and emergency assistance to protect disaster victims.

While at the moment disaster response via social assistance is slow and hampered by limitations related to data collection and interoperability, the DTKS can play a much stronger role once it develops the capability of integrating with full population data for the disaster areas from the Population Registry from MoHA and the disaster damage and needs data from the National Disaster Response Agency (BNPB).

44. As DTKS contains a large amount of personal data, the data management policy and practices should comply with the forthcoming Personal Data Protection law.

A review of the current MoSA regulation for DTKS reveals that while some aspects related to protecting privacy are provisioned already – key gaps remain. The regulation defines the processes inherent to data sharing and requires that any DTKS related data request must be approved by the Minister of Social Affairs, depending on the purpose for which the data is requested and how it will be used, and commits to providing bi-annual updates on the use of the data. Furthermore, the regulation forbids sharing DTKS data beyond the immediate requestor (e.g., Social Affairs Offices of local governments). However, ensuring compliance is challenging.

²⁹ Gol Medium Term Development Plan (RPJMN 2014-2019 and RPJMN 2020-2025)

³⁰ See TNP2K (2015), Tohari (2019)



Access to DTKS via SIKS-NG by legitimate users (line ministries and local governments) and data sharing process are strictly controlled. For data and system security, MoSA's Pusdatin is certified for the basic ISO 27001 standard, which aims to prevent data breaches and develop access rules. On the other hand, DTKS has not yet established foundational personal data use permissions, as the initial data collection instruments did not contain consent forms at the individual level. The draft Law on Personal Data Protection, expected to be enacted in mid-2020, is expected to require more rigorous measures to protect personal data in DTKS and provide a much stronger enforcement framework for MoSA to apply for DTKS. Accordingly, the modified Program Action Plan (PAP) includes a new action to carry out a systematic review of the existing personal data protection rules and practices vis-a-vis the Law draft and to apply and develop improvements during the AF Program.

45. **The World Bank has played an important role in supporting the evolution of PKH since its inception, and has substantial global expertise supporting economic inclusion and social registries.** The request for AF by MoSA reflects its recognition of the World Bank's comparative advantage in combining financial support with technical assistance, particularly in the new results areas of economic empowerment and social registry. Going forward, the World Bank's input, drawing upon international experience, will focus on improving the Program design and delivery systems as well as building the capacity of the MoSA implementation teams.

B. Fiduciary

46. **The assessment of the fiduciary aspects of the proposed AF Program concludes that the overall fiduciary systems are adequate to support the AF Program implementation.** Progress has been made in strengthening the fiduciary systems under the parent PforR as requested by the original Fiduciary Systems Assessment (FSA), including: (i) the current bank account-based payment mechanism is more transparent and accountable than the previous cash-based mechanism; (ii) establishment of the PKH Contact Center since 2018 and gradual rolling out of the integrated referral system (SLRT) provide additional channels for complaint handling; and (iii) the Audit Board of Indonesia (BPK) has continuously given unqualified (clean) audit opinions in 2016-2018, compared to the disclaimer audit opinion in 2015. The assessment confirms that the SE program has similar financial management arrangements to PKH in terms of budgeting, flow of funds, accounting reporting and auditing. Because the social and economic empowerment program has much smaller numbers of recipients and expenditures, they do not notably increase the overall fiduciary risk. Lastly, as Pusdatin that manages the social registry follows the regular fiduciary system as normal government units, the fiduciary risk is also low. The FSA Addendum is in Annex 3.

47. **The assessment has determined that the procurement to be carried out under the AF Program only carries a moderate risk.** Procurement under the Program is expected to involve only small value contracts of goods and services other than consulting services. Starting in 2018, the mechanism of fund transfer has changed from cash based to bank transfer to beneficiary accounts through Association of State-owned Banks (HIMBARA). Therefore, there has been no procurement process for the services/transaction fee for distribution of cash transfer funds. The total procurement expenditure for year 2018 and 2019 valued at US\$2.78 million was for procurement by MoSA of supporting equipment for PKH facilitators, toolkits to support e-learning, and e-PKH application. The procurement profile in the AF, based on the information provided, is expected to remain the same. The procurement processes for 2018 and 2019 under the original PforR are conducted using the Gol's e-procurement method (LPSE). The procurement process has provided sufficient time to the bidders to prepare their bids. It is also noted that



MoSA received sufficient bids during procurement processes and that the procurement processes were carried out in timely manner. While MoSA generally complies with the requirement of ineligibility of firms blacklisted by the Government and published on the National Public Procurement Agency's website, however, the World Bank's debarred/temporarily suspended firms and individuals have not been checked rigorously prior to awarding the contracts.

48. **While PKH has made solid progress in developing systems to detect and deter fraudulent and corrupt behaviors, the AF Program likely will face some remaining implementation challenges from a governance and anti-corruption perspective.** The 2019 PKH complaint data shows that 55 out of 1296 complaints reported to the Contact Center are corruption related and around 20 cases need to be investigated by the newly established Ethics Board. There is also increased attention to the risk of fraud and corruption associated with flagship social assistance programs at national level. MoSA has strengthened its data exchange with the population data managed by the Ministry of Home Affairs to ensure the identity of all individuals registered in the social registry. The two economic empowerment programs need to institutionalize complaint handling and improve their outreach and communication to potential beneficiaries and communities at large.

49. **The assessment recommends the following mitigation measures to be considered as part of the PAP:** (i) enhance outreach and socialization of the Program activities and improve local government monitoring; (ii) make calling the toll number of the PKH Contact Center free of charge to improve the access and uptake; and (iii) establish a mechanism for procurement officers to systematically check the World Bank's list of sanctioned firms/individuals before awarding any contract and record in the evaluation reports.

C. Environment and Social

50. **The assessment on the environment and social aspects of the proposed AF Program concludes that the AF Program maintains the social risk rating of Moderate as for the parent PforR.** With no activities found to potentially generate negative environmental or social consequences, the Environmental and Social Systems Assessment (ESSA) conducted during preparation of the parent program remains relevant. The ESSA Addendum is summarized in Annex 4 and was disclosed on the Bank's website on March 12, 2020.

51. **Progress has been made on the social risk management front of the parent PforR in response to the recommendations in the PAP.** Good progress is evident in the establishment and standardization of Grievance Redress System (GRS), appointment of dedicated staff for managing GRS, streamlined roles and responsibilities of implementation personnel, provision of health and workers' social security for them, capacity development efforts to implement GRS, e-PKH, FDS, adjustment of conditionality and protocols for implementing PKH in remote/isolated areas, and increased awareness of personal safety across government levels. The inclusion of elderly and disability components and transition to bank account-based payment method have had positive effects on social risk management of PKH implementation. However, certain critical gaps remain in terms of communication and outreach, particularly with respect to GRS and the capacity of implementation personnel to manage social risks and their personal safety.



52. **The assessment identifies several risks emanating from this AF and provides several specific recommendations to mitigate and manage these risks.** The exclusion risk due to the limitations of the DTKS data updating process and the Population Identification Number (NIK) documentation requirement is identified particularly for the poor in the remote areas. There is also a risk of social envy arising out of the small coverage of the SE program. The absence of an established system for complaints and grievances under SE is likely to exacerbate some of these risks. The key recommendations include strengthening of GRS implementation for PKH as well as the SE program, continuous capacity development for implementation officials and other contracted workers across government levels and establishment of an incident reporting mechanism.

D. Are there any waivers of Bank policies approved by the MD and/or to be approved by the Board? If so, explain.

53. No.

E. Any changes to the risk profile of the operation can be noted here.

54. No.

F. Any changes to implementation arrangements and appraisal thereof

55. **The implementation arrangements for the AF Program involve multiple units within MoSA and hence a coordination mechanism is required.** Implementation arrangements will require the creation of a small coordinating unit composed by the representatives from twos DGs involved, the head of Pusdatin, and chaired by the Head of Planning Bureau or a more senior official designated by the Minister of Social Affairs. The chair of the group will be the focal point vis-à-vis the World Bank and ensure steady flow of communication and coordination when required across results areas, as well as carry out required verification and communication with the World Bank etc. There will be no change in verification agency.

G. Corporate requirements

(a) Gender

56. **Indonesia has made great progress in terms of human development indicators, in particular on achieving gender parity in health and education.** Survival to age five rates and non-stunting indicators are higher for girls, showing that women and girls have benefitted from investments in health. Education indicators also show that girls stay in school longer and learn more. Overall, the female human capital index³¹ (HCI) for Indonesia is 0.55 the male HCI is 0.521. This pattern also holds for poor households.

Table 5: HCI for Indonesia by Gender

<i>Component</i>	Boys	Girls	Overall
<i>HCI</i>	0.52	0.55	0.53

³¹ The index measures the amount of human capital that a child born today can expect to attain by age 18, given the risks of poor health and poor education that prevail in the country where she lives. It is designed to highlight how improvements in current health and education outcomes shape the productivity of the next generation of workers, assuming that children born today experience over the next 18 years the educational opportunities and health risks that children in this age range currently face.



<i>Survival to Age 5</i>	0.97	0.98	0.97
<i>Expected Years of School</i>	12.2	12.4	12.3
<i>Harmonized Test Scores</i>	398	408	403
<i>Learning-adjusted Years of School</i>	7.8	8.1	7.9
<i>Adult Survival Rate</i>	0.8	0.86	0.83
<i>Not Stunted Rate</i>	0.65	0.67	0.66

Source: www.worldbank.org/humancapitalproject

57. **However, these investments in human capital are not yet following the typical transmission pathways that translate into greater economic growth.** Usually, improvements in human capital lead to improved female labor force participation and productivity. As gender equality increases, so does economic performance, which in turn embeds new norms as social change accompanies economic progress. In Indonesia, however, these positive human capital results are yet to translate into additional change:

- a) **Female labor force participation has remained stagnant** at around 51 percent for the last two decades.³² Marriage reduces labor force participation for all women except those with tertiary education. A married woman in rural areas is 11 percentage points less likely to be working than a single woman. The difference is even more pronounced in urban areas: 25 percentage points.
- b) **Women operate smaller and less productive enterprises than men.** Women own about 60 percent of micro, small and medium enterprises (MSMEs),³³ but only 23 percent of small and medium enterprises (SME).³⁴ While most of these are necessity enterprises with limited capacity to grow, about 15 percent (around 3 to 4 million entrepreneurs) are considered to be capable of expanding, but *lack access to financial and non-financial services such as networks, markets, and sources of advice.*³⁵

58. **Three key issues contribute to these gaps.** First, **social norms**, which imply that the norm is for men to be breadwinners and women to have the responsibility for family and household with only minor supplementary responsibility for earning income. A recent study on a small number of PKH beneficiary families find that 42 percent of business owners are women, many of which tend to run businesses mainly to supplement their husbands' income.³⁶ Moreover, a significant portion of females in rural villages are neither working nor in school.³⁷ Government institutions and programs often reinforce this un-

³² Compared to a male labor force participation of 86%, and much lower than rates in other East Asian countries

³³ Tambunan, T. (2019). Recent evidence of the development of micro, small and medium enterprises in Indonesia. *Journal of Global Entrepreneurship Research*, 9(1), 18.

³⁴ From Asia foundation 2013 cited in The World Bank. (2016). *Women Entrepreneurs in Indonesia: A pathway to shared prosperity*. Jakarta.

³⁵ Ibid.

³⁶ SMERU and MAHKOTA (2020), *Strengthening Economic Opportunities for Family Hope Program Families: A case study of four locations*.

³⁷ Based on field data on 5,281 female family members, living in 2400 households across 120 villages in 6 provinces, 24% were in school, 34% were working and 42% were neither working nor in school.



intentionally, for example with requirements targeting mothers instead of both parents in a number of spheres related to family.

59. Second, **access to finance**. The gender gap in access to credit is a recognized phenomenon,³⁸ and Indonesia is not an exception. While women own more than half of MSMEs, only 13 percent of women-owned have accessed a loan from formal financial institutions, compared to 56 percent for their male counterparts.³⁹

60. Third, **access to resources, networks and markets**. In addition to the challenge of accessing credit, globally⁴⁰ there is evidence that most of the non-financial barriers affecting women-owned SMEs occur at the startup stage of the business life cycle, when limited awareness/knowledge and social networks can impact women's ability to seek services that can realize the growth potential of their enterprises.

61. **The parent PforR has a significant gender focus in its design that the proposed AF will maintain.** The CCT program directly contributes to the improvement of the beneficiaries' utilization of maternal health services via the health conditionality for pregnant and lactating women. As a result of the move from cash-based disbursement to bank account based digital payment supported under the Parent Project, 10 million women have opened their own bank accounts, and with this has come opportunities to access to other financial services. The program has been scaling up FDS as a mechanism to raise awareness of key issues among women and their partners when possible. A new family planning session is expected to help reproductive age women, including adolescent girls⁴¹, understand better their contraception options and issues related to reproductive health. A new disaster preparedness module is expected to help women raise awareness on disaster preparedness and acquired skill in coping with the emergencies.

62. **The proposed AF will seek to further strengthen the gender focus and contribute to greater female and labor force participation by tackling two of the three key issues identified above.**

- **Social norms.** The FDS provided through PKH are an important vehicle for addressing existing social norms, both through the content they provide as well as their design. Who is required to participate (always only mothers for example) as well as what time they are scheduled (during peak working hours or not) can reinforce existing stereotypes around male and female roles for economic versus household and childcare activities. Involving fathers in existing FDS on parenting and/or family planning can play an important role in contributing to change perceptions around sharing household responsibilities and help women increase the time dedicated to remunerated work.
- **Access to finance.** MoSA is also planning to introduce a new session on access to microfinance in the FDS Household Economy Module for PKH mother groups. The SE program aims to help PKH graduates with home-based microenterprises to link to existing microfinance opportunities, such as those provided by programs such as KUR and UMI.⁴²

³⁸ IFC (2014) "Women-owned SMEs: a business opportunity for financial institutions - a market and credit gap assessment and IFC's portfolio gender baseline"

³⁹ "Access to Trade and Growth of Women's SMEs in APEC Developing Economies." The Asia Foundation, Jakarta.

⁴⁰ Ibid.

⁴¹ 11.2% adolescent girls aged 15-19 years were married, divorced or separated in 2018 (Indonesia Socio-Economic Survey).

⁴² See also Technical Assessment



- **Access to resources, networks and markets.** The design of the new Social Entrepreneurship program places a strong emphasis on providing participants business support coupled with mentoring that can help overcome key barriers for micro enterprises. For female participants, this will be a good channel to overcome some key knowledge/information barriers in accessing additional networks and resources.

63. The table below details the planned gender actions:

Table 6. Gender Actions

Gender Gap	Actions	Results
<p>Women are less likely to be economically active than men because of a combination of social norms, and limited access to finance, resources and networks</p>	<ul style="list-style-type: none"> • Social norms: PKH will pilot promoting participation of both fathers and mothers in FDS sessions on parenting • Access to finance: Delivery of SE program that supports female access to credit • Access to resources: Delivery of SE program to women, that includes business training and mentoring to support awareness and access to knowledge/resources 	<ul style="list-style-type: none"> • % of fathers participating in parenting FDS • % of mother groups receiving the new Access to Microfinance session • % SE women beneficiaries that access credit after exiting the SE program (KUR or UMI) • % of women beneficiaries enrolled in SE • % of SE women beneficiaries that increase number of hours worked compared to when entering the program

64. **Although the impacts of safety nets on the incidence of gender-based violence (GBV) is difficult to generalize, the evidence overall is positive, with important caveats.** In many countries, social safety nets have empowered women and increased their voice in decision making, though they can also reinforce the traditional roles of women and girls, and men and boys. In some contexts, more vulnerable women or those in more conservative households or regions may face a backlash from shifting household power dynamics. In most cases, however, safety nets present a unique opportunity to reduce gender-based violence (GBV), particularly intimate partner violence (IPV).⁴³ The strongest and most promising social safety net GBV reduction evidence is related to cash transfers that were ongoing until shortly before the data was collected (e.g. little time has elapsed since the program had concluded), and for transfers that were complemented with behavior change or livelihoods and nutrition components, as the ones delivered

⁴³ Abramsky et al., 2014; Hossain et al., 2014; Pettifor et al., 2015; Buller et al. (2018)



with PKH. In some cases, when transfers were combined with these additional components, GBV reductions were sustained up to a year after the transfers stopped.⁴⁴

(b) Climate co-benefit

65. **As the largest archipelago nation in the world, Indonesia is one of the country's most vulnerable to the negative impacts of climate change, and will experience an increase in temperature, intensity of rainfall, floods, drought and sea level rise⁴⁵.** By one estimate, in 2050 the mean annual temperature will rise by 1.6°C, the mean annual precipitation will rise by 138 mm, and the total annual hot days of temperature above 35°C will rise by 16.7 days⁴⁶. The sea level rise in Indonesia is projected to reach 35-40 cm by 2050⁴⁷.

66. **The poor are more vulnerable to shocks and lack of capacity to prepare for and cope with climate-related disasters and emergencies.** The Asian Development Bank estimates that by 2100, the impacts of climate change will cost between 2.5-7 percent of GDP and the poorest will bear the brunt⁴⁸. In response to climate change, Gol has developed the National Action Plan for Climate Change Adaptation, which provides policy direction and implementation mechanism to build social and livelihood resilience to climate change. The Program will contribute to the Gol's climate change adaption plan by integrating the climate resilient measures in the social protection interventions and will build long-term resilience of the targeted beneficiaries. The temporary emergency cash transfer intervention introduced under PKH in response to COVID-19 (DLI 12) could become a model for future response to large-scale climate-related disasters. Therefore, it is critical that the lessons can be learned from the experience of implementing this intervention and other emergency cash transfer measures to feed into the development of a guideline for future application.

67. **The Program will raise awareness among its beneficiaries about both climate change risks and potential actions that they can mitigate and respond to specific risks.** The FDS (DLI 15) complements cash transfer benefit by coaching/mentoring recipients to gain essential knowledge and life skills related to key topics relevant for families. A new Disaster Preparedness Module including e-learning course will be developed and provided to the training facilitators. The FDS mother groups will participate in these training sessions which will help them raise awareness on how to prepare for natural disasters and how to reduce disaster risks. Other FDS sessions, such as health, education and household economy modules, will also provide the mother groups with knowledge on nutrition, financial literacy and savings. Mothers, as the main caregivers of the households, will help ensure access to food and protect household assets in response to climate-related shocks.

68. **The Program will support the social registry to build a disaster victim database by sourcing data from MoHA and BNPB (DLI 20) to enable rapid disaster response that reach those vulnerable to climate shocks.** The social registry (DTKS) will source disaster affected population data from the Population Registry (SIK) of MoHA and combine it with additional information on victims' needs from on-the-ground assessment by local governments in the immediate aftermath of disaster. This disaster victim database

⁴⁴ Roy, Hidrobo, Hoddinott, and Ahmed, 2018

⁴⁵ National Action Plan for Climate Change Adaptation (RAN-API). BPP Nasional - Jakarta: Bappenas, 2012

⁴⁶ World Bank, Climate Change Knowledge Portal

⁴⁷ Bappenas, 2012.

⁴⁸ World Bank, 2010, Program Document for Climate Change Development Policy Loan for Indonesia.



would support all disaster response programs, including temporary safety nets programs such as cash transfers, housing programs and food assistance programs, therefore improve the institutional coordination for disaster response. The potential beneficiaries list using the social registry data will help the disaster relief programs reaching the most vulnerable including those in remote and border areas. MoSA could adapt PKH to support its beneficiaries to receive the disaster relief assistance and livelihood support in need.

(c) Citizen engagement

69. **MoSA has employed several platforms to engage with the public and social assistance recipients.** Through a Public Information Officer (PPID) in accordance with Law No. 14 year 2008 on Transparency of Public Information, MoSA must provide information requested, unless it falls under restricted categories such as protection of privacy and national security. In addition, MoSA has established a website for PKH on the MoSA website (<https://pkh.kemsos.go.id/>), which provides information about the program, including a dashboard on implementation progress. Other social media have been also leveraged by PKH actively engage with broad stakeholders. Several household surveys for different purposes have been implemented by development partners to assess program status ranging from implementation effectiveness to beneficiary satisfaction. Citizens can also voice their concerns through multiple feedback channels, including SLRT and program level GRS (the parent PforR has supported the strengthening of PKH GRS). Going forward, MoSA's communication and outreach strategies for various vulnerable groups can be improved by collaborating with local government and civil society.

V. KEY RISKS

70. **The overall risk rating for the project continues to be assessed as Substantial.** The main contributors to the overall rating are fiduciary, technical, and implementation capacity as described below.

71. **The political and governance risk is Moderate.** The Program's alignment with the priorities of the RPJMN and its focus on mitigating poverty and inequality increases the likelihood of the continued support from the government.

72. **Macroeconomic risk is Moderate.** The spending for social assistance has been steadily increasing since 2017, particularly for PKH. As the COVID-19 pandemic has unleashed an unprecedented economic impact on Indonesia through both domestic and external channels, the Government has refocused its efforts and resources to cushion the negative economic effects of the COVID-19 on the economy and the population. While the COVID-19 emergency has elevated the overall fiscal risk due to lower revenue and higher expenditure, the Government has clearly prioritized the social assistance measures in its emergency responses and is expected to continue this focus going forward. The AF Program helps the Government mitigate the risk by providing financing and strengthening the delivery systems that are key to the effectiveness and efficiency of the Government's social assistance spending in both relief and economic recovery phases.

73. **The risk related to sector strategies and policies is Moderate.** Social assistance is prioritized at the national level in sectoral policies and strategies. The project development objectives and results are



fully aligned with the related national policies and sector-specific strategies. There is a strong interest from the Government in increasing the effectiveness of all main social assistance programs, particularly in the light of the fiscal management challenges and the ambitious poverty and inequality reduction targets.

74. **The technical design related risk is Substantial.** First of all, the AF Program has expanded scope and supports actions whose responsibility is spread across several units within MoSA, which implies a higher coordination risk. This risk will be mitigated through the establishment of a coordination working group consists of Heads of each DG involved and Pusdatin and chaired by the head of MoSA's Planning Unit for purposes of coordinating the project. It will also require strong leadership from MoSA leadership in order to carry out the shared vision effectively. In addition, the World Bank will prioritize efforts to facilitate this coordination throughout the implementation support dialogue. Secondly, increasing the interoperability of the social registry will require high level cross ministerial government agreements to be put in place and the existence of adequate ministerial technical capacity to be implemented. The involvement of local governments and other partner entrepreneurship training and facilitation programs is key, however, the coordination between MoSA and local governments and between MoSA and other line ministries is challenging as demonstrated by the experience with PKH and with other decentralized service delivery. The risk could be mitigated by the fact that lessons and experience from other countries can be adapted for the design. Lastly, the incomplete adherence to data protection and privacy standards of DTKS as per current and future regulations on data protection and privacy poses another risk. While some measures are in place to prevent DTKS data being shared with the wrong persons, it is at the point not possible to monitor and ensure compliance with these measures. To mitigate this risk, appropriate action for MoSA to undertake is included in the PAP.

75. **The implementation capacity risk is Substantial.** MoSA has been implementing social assistance interventions for a long time. However, PKH has been managed by a small national team within one Directorate, compared to similar CCT programs globally. The Directorate of JSK has just over 50 civil servants and about 60 contracted staff, which manages the second largest CCT program in the world. MoSA is considering reorganizing the PKH management structure to increase the HR size and build up staff capacity. The demand for PKH to serve as a Cash Plus platform would increase implementation workload and pose implementation risks by further overwhelming MoSA's implementation capacity. These risks will be mitigated by ensuring that staff are appropriately trained, IT support strengthened, and linkages with experienced partners in this area (other government agencies and international development partners as well as local governments) fostered. In addition, the Program aims to strengthen and build the delivery system for the SE program, that will require a significant change in mindset, including willingness to adapt and adjust in response to the lessons from the new monitoring system. The risk will be mitigated through close communication and collaboration with the technical team during implementation. Another risk relates to the importance of central-local institutional arrangements for DTKS updating and programs' performance, given that significant role played by local governments and the variation in their resources and capacity in the implementation of PKH and completing updates to the social registry. Technical assistance and implementation support will continue to explore possible options based on existing successful experience/models in managing central/local relationships for service delivery, both in Indonesia and globally.

76. **Fiduciary risks are Substantial.** While the AF Program follows existing government fiduciary controls, there are risks in: (i) internal controls, especially for the economic empowerment program that do not yet have an operational information system; (ii) benefit payment reconciliation; (iii) a systematic



mechanism/procedure is yet to be put in place by MoSA to verify, prior to contract award, that no contract is awarded to any firm and individual sanctioned by the World Bank, which hence is on the World Bank's lists of debarred and/or temporary suspended firms; and (iv) lack of formal complaint handling mechanism for the economic empowerment program. To mitigate these risks, MoSA needs to: (i) enhance outreach and socialization of the Program activities and improve local government monitoring; (ii) strengthen financial management training for recipients of the economic empowerment programs; and (iii) make calling the toll number of the PKH Contact Center free of charge to improve the access and uptake; and (iv) establish a mechanism for procurement officers/Pokja ULP to systematically check the World Bank's debarment and temporary suspension lists prior to awarding contracts (to prevent contract under the Program from being awarded to a firm or individual that is included in these lists) and to record in the bid evaluation report to confirm that the firm or individual proposed for contract award is not included in the World Bank's debarment and temporary suspension lists.

77. **Environmental and social risks are Moderate.** The parent program has shown progress on the social risk management front when compared to the recommendations in the PAP, though some risks arising out of gaps in the social systems remain for this AF. The ESSA identifies risk of personal safety for social workers as a key risk. Exclusion risks due to the limitations of DTKS and the NIK documentation requirement are also identified. There is also a risk of social envy arising out of the implementation of the PKH and SE programs. The assessment also finds that the absence of an established and well-functioning system for complaints and grievances under the SE program is likely to exacerbate some of these risks. The key recommendations for mitigation include further strengthening of GRM implementation for PKH as well as the economic empowerment programs, continuous capacity development for social workers across government levels and establishment of an incident reporting mechanism. Overall, however, there are no significant changes to the parent program, with no activities found to potentially generate negative environmental or social consequences, and as such the Environmental and Social Risk Rating remain Moderate.

78. **The stakeholder risk is Moderate.** The World Bank enjoys a strong and constructive relationship with MoSA, development partners are in general supportive, in particular DFAT who has provided Trust Fund financing through the World Bank to strengthen capacity and provide technical assistance to the Government in the broad social protection policy discussions. The Ministry of National Development Planning (Bappenas) and MoSA have made efforts to improve coordination between development partners and government stakeholders. The risk can be further mitigated by disseminating the AF design and key results and involving other Development Partners to provide technical support to the MoSA programs included.

VI. WORLD BANK GRIEVANCE REDRESS

79. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank



Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank’s corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

VII. SUMMARY TABLE OF CHANGES

	Changed	Not Changed
Change in Project's Development Objectives	✓	
Change in Program Scope	✓	
Change in Results Framework	✓	
Change in Loan Closing Date(s)	✓	
Change in Program Action Plan	✓	
Change in Fiduciary	✓	
Change in Environmental and Social Aspects	✓	
Change in Implementing Agency		✓
Cancellations Proposed		✓
Reallocation between Disbursement Categories		✓
Change in Disbursements Arrangements		✓
Change in Safeguard Policies Triggered		✓
Change in Legal Covenants		✓



VIII. DETAILED CHANGE(S)

PROGRAM DEVELOPMENT OBJECTIVE

Current PDO

The Program Development Objectives (PDO) are to support the conditional cash transfer program coverage expansion, strengthen its delivery system, and improve its coordination with other complementary social programs.

Proposed New PDO

To support the Conditional Cash Transfer Program coverage expansion, strengthen the Social Registry and delivery systems of the Conditional Cash Transfer Program and the Social and Economic Empowerment Program, and improve the coordination between these programs and other complementary social programs

LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Current Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IBRD-87500	Effective	30-Jun-2021	30-Jun-2021	30-Jun-2022	30-Oct-2022



IX. RESULTS FRAMEWORK AND MONITORING

Results Framework
COUNTRY: Indonesia
Additional Financing for Indonesia Social Assistance Reform Program

Program Development Objective(s)

To support the Conditional Cash Transfer Program coverage expansion, strengthen the Social Registry and delivery systems of the Conditional Cash Transfer Program and the Social and Economic Empowerment Program, and improve the coordination between these programs and other complementary social programs

Project Development Objective Indicators by Objectives/ Outcomes

Indicator Name	DLI	Baseline	End Target
To strengthen the social registry and the delivery systems of the CCT and SEE programs (Action: This Objective has been Revised)			
Share of sub-districts with PKH beneficiary families having switched to cashless payment methods (Percentage)		15.00	73.00
Share of PKH beneficiaries having had their socio-economic status re-assessed during the past two years (Text)	DLI 13	Assessment has been piloted.	80% of PKH beneficiaries having had their socio-economic status re-assessed during the past two years
Action: This indicator is New			
Share of local governments that are submitting updated data	DLI 18	Basic data updating standards in place	80% of local governments submitting updated data that



Indicator Name	DLI	Baseline	End Target
that meets DTKS standards (Text)			meets MoSA's enhanced standards
Action: This indicator is New			
improve the coordination between these programs and with other complementary social programs (Action: This Objective has been Revised)			
Share of PKH beneficiaries receiving other social assistance program benefits (Percentage)		13.60	95.00
Action: This indicator has been Marked for Deletion			
Share of children aged 0–6 years in PKH beneficiary families who received basic health and nutrition services in accordance with protocol (Percentage)		79.70	90.00
Share of children aged 7–18 years in PKH beneficiary families attending primary, junior, and senior secondary school at least 85% of the time (Percentage)		81.10	95.00
Share of PKH beneficiary families receiving food assistance benefits (Rastra/BPNT/Sembako) (Percentage)	DLI 10	32.00	95.00
Action: This indicator is New	Rationale: <i>This indicator is derived from the previous indicator "Share of PKH beneficiary families receiving other social assistance program benefits", which is defined as simultaneously receiving all three programs (food assistance, health insurance premium fee waiver, and stipend for poor and at-risk students). The third program PIP (stipend for poor and at-risk students) is not included as the Gol has been considering of merging PIP into PKH's education component. The plan has been agreed by the Ministry of Education and Cultures and MoSA.</i>		
Share of PKH beneficiary families with at least one member receiving health insurance premium fee waiver (PBI-JKN) (Percentage)	DLI 11	10.00	95.00
Action: This indicator is New	Rationale:		



Indicator Name	DLI	Baseline	End Target
		<i>This indicator is derived from the previous indicator "Share of PKH beneficiary families receiving other social assistance program benefits", which is defined as simultaneously receiving all three programs (food assistance, health insurance premium fee waiver, and stipend for poor and at-risk students). The third program PIP (stipend for poor and at-risk students) is not included as the GoI has been considering of merging PIP into PKH's education component. The plan has been agreed by the Ministry of Education and Cultures and MoSA.</i>	
Share of new SE program recipients that are former PKH recipients (Text)	DLI 16	0.00	At least 98% of new SE program recipients in 2023 are PKH Graduates
Action: This indicator is New	Rationale: <i>MoSA is uniquely placed to serve as a "bridge" between SA recipients and complementary services. But there is a need to prepare SA beneficiaries and support access to these services This indicator supports that social assistance beneficiaries receive economic empowerment programs. It shows how the SE program is complementing social assistance spending</i>		
To support the conditional cash transfer program coverage expansion:			
Total number of PKH beneficiary families (Number (Thousand))		5,981.00	10,000.00

Intermediate Results Indicators by Results Areas

Indicator Name	DLI	Baseline	End Target
Strengthening PKH delivery system and leveraging that system in response to COVID-19 pandemic (Action: This Result Area has been Revised)			
PKH information system enhancements implemented (Text)		No	Additional enhancements recommended by the IT system audit on e-PKH implemented



Indicator Name	DLI	Baseline	End Target
Action: This indicator has been Revised	Rationale: The revision only involves replacing "PMIS" with "program information system"		
Production of operation monitoring statistical reports for all districts regularly generated and disclosed to related stakeholders (Text)		No	Operation monitoring report disclosed after further modification
PKH uses digital platforms and mass media to regularly disclose information about program performance and the program manages to carry out social promotion (Text)		No	Communication through digital platform and mass media regularly disclosed at subnational level
HR capacity building plan and performance monitoring system implemented for program implementers at the subnational level (Text)		No	HR strategy revised after review of implementation lessons
Action: This indicator has been Marked for Deletion			
An enhanced GRS rolled out after evaluation of pilot (Text)		No	Grievance analysis produced using data collected by the enhanced GRS rolled out nationwide
Error, fraud, and corruption detection systems implemented (Text)		No	MoSA has implemented measures, including data standards and data consistency checks, to detect and prevent errors. Additional measures, including GRS and follow-up investigation, to detect and deter frauds and corruption.
Action: This indicator has been Revised	Rationale: The revision involves separating errors from frauds and corruption because the two types are dealt with by MoSA differently.		
Share of PKH beneficiary families, for which verification of their respective conditionality is recorded in e-PKH (Percentage)		40.00	90.00



Indicator Name	DLI	Baseline	End Target
<i>Action: This indicator has been Revised</i>	Rationale: The revision only involves replacing "PMIS" with "e-PKH", which is the official name of PKH's new program information system.		
Share of non-civil servant HR contracted by MoSA for PKH implementation with their KPIs having been monitored quarterly (Text)	DLI 14	JSK has less than 50 civil servants and more than 60 contracted consultants. 40,000+ contracted workers for implementation are recruited	70% of non-civil servant HR contracted by MoSA for PKH implementation with their KPIs having been monitored quarterly within the calendar year.
<i>Action: This indicator is New</i>			
PKH introduces a temporary emergency cash transfer scheme in response to COVID-19 and other large- scale shocks (Text)	DLI 12	No	MoSA issues a guideline regarding the PKH temporary emergency scheme for future large-scale natural disasters and epidemic shocks, after assessing the scheme's implementation experience in 2020
<i>Action: This indicator is New</i>			
Improving access to other complementary social assistance and service programs for PKH beneficiaries (Action: This Result Area has been Revised)			
Share of PKH beneficiaries whose NIK numbers have been verified (Percentage)		73.50	95.00
Number of PKH mother groups that have received FDS from trained facilitators (Number)		7,357.00	106,000.00
Share of PKH mother groups that have been provided the relevant FDS per their choices (Text)	DLI 15	Five Modules (health, education, child protection, household economy, elderly and disability care) not in place	60% of PKH mother groups have been provided the relevant FDS per their choices by trained facilitators
<i>Action: This indicator is New</i>			



Indicator Name	DLI	Baseline	End Target
Share of 0–6 years girls in the PKH families who received basic health and nutrition services in accordance with protocol (Percentage)		80.00	95.00
Action: This indicator is New	Rationale: <i>This indicator is added for AF to measure potential gender difference for this age group in receiving basic health and nutrition services. The baseline value is taken from the overall age group and will be updated.</i>		
Share of 7–18 years girls in PKH families attending primary, junior, and senior secondary school at least 85% of the time (Percentage)		81.00	95.00
Action: This indicator is New	Rationale: <i>This indicator is added for AF to monitor potential gender difference in receiving education services. The baseline value is taken from the overall age group (both genders) and will be updated.</i>		
Expanding coverage and improving inclusivity of PKH (Action: This Result Area has been Revised)			
Ratio of number of PKH beneficiary families to number of the targeted families in areas categorized by the Ministry of Social Affairs as remote and border areas (Percentage)		48.00	85.00
Number of PKH beneficiary families that also receive benefits for severely disabled or elderly family members (Number)		496,540.00	966,000.00
Strengthening PKH beneficiaries' access to and delivery systems for SEE program (Action: This Result Area is New)			
Monitoring system for SE program is operational (Text)	DLI 17	no	(i) Routine reports generated and (ii) linkages with SIKS-NG operational
Action: This indicator is New			



Indicator Name	DLI	Baseline	End Target
Share of new SE program recipients that are women (Percentage)		0.00	70.00
Action: This indicator is New		Rationale: <i>This indicator is to monitor the gender difference in receiving this complementary program.</i>	
Supporting inclusion of poor and vulnerable in DTKS and expanding its use for disaster response (Action: This Result Area is New)			
DTKS increasingly uses information from relevant internal and external databases for DTKS data updating and develops improved data use environments and dissemination channels (Text)	DLI 19	2 External databases are interoperable with DTKS; no Middleware and Business Intelligence systems, dedicated help desk or analytical tool is in place	11 internal or external databases are interoperable with DTKS; local governments and central government stakeholders can benefit from DTKS' Middleware and Business Intelligence systems, a dedicated help desk and DTKS analytical tool
Action: This indicator is New			
MoSA establishes a disaster victim database to support better disaster response (Text)	DLI 20	Disaster victim related data not digitized and linked with DTKS	The disaster victims' support information management system is utilized in response to at least one disaster
Action: This indicator is New			

Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Share of sub-districts with PKH beneficiary families having switched to cashless payment methods					



<p>Share of PKH beneficiaries having had their socio-economic status re-assessed during the past two years</p>	<p>PKH will invest in a new beneficiary socio-economic status assessment system to monitor beneficiary family progress over time after enrollment and to facilitate appropriate linkages to what MoSA and other relevant entities (e.g. social service, economic empowerment programs, vocational training or tertiary education, etc.) may provide to cater specific family needs. The frequency depends on the poverty and vulnerability dynamics and will be one key design parameter of the assessment system. As some families may progress more rapidly than others and become ineligible over time, this system will also serve to identify these ready-to-exit beneficiaries and hence open space for newly eligible families. The screening role of this</p>	<p>Annual</p>	<p>e-PKH</p>	<p>Administration</p>	<p>MoSA Linjamsos</p>
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	assessment system would improve the targeting performance by reducing inclusion errors.				
Share of local governments that are submitting updated data that meets DTKS standards	A regularly and completely updated DTKS is critical for assessing needs and conditions of the population and determining their eligibility for social protection programs. Local governments are tasked with data collection and submission of existing and newly proposed potential beneficiaries of social protection programs and relay these data vertically up to MoSA via the SIKS-NG for inclusion into the DTKS. This process needs to be strengthened through the development of comprehensive standards that will ensure the completeness of the DTKS. Local governments' data submissions to the DTKS that are considered	Annual	SIKS-NG	A report of enhanced data updating standards protocols is available to local governments and verification that these standards are in place in the SIKS-NG is conducted	MoSA Pusdatin



	complete will satisfy two dimensions: (i) 80 percent of the households submitted has all key socio-economic information filled (ii) the socio-economic information of 20 percent of total households submitted is two years old or less.				
Share of PKH beneficiaries receiving other social assistance program benefits				Administration	
Share of children aged 0–6 years in PKH beneficiary families who received basic health and nutrition services in accordance with protocol					
Share of children aged 7–18 years in PKH beneficiary families attending primary, junior, and senior secondary school at least 85% of the time					
Share of PKH beneficiary families receiving food assistance benefits (Rastra/BPNT/Sembako)	This indicator will measure the share of PKH beneficiaries receiving one of other main SA programs in addition to PKH. The programs are Rastra/BPNT/Sembako (food assistance) and PBI-JKN (health insurance premium fee waiver)	Biannual	e-PKH	Administration	MoSA Linjamsos



	respectively. Per the program designs, both programs are supposed to include the same families that are eligible for PKH.				
Share of PKH beneficiary families with at least one member receiving health insurance premium fee waiver (PBI-JKN)	This indicator will measure the share of PKH beneficiaries receiving one of other main SA programs in addition to PKH. The programs are Rastra/BPNT/Sembako (food assistance) and PBI-JKN (health insurance premium fee waiver) respectively. Per the program designs, both programs are supposed to include the same families that are eligible for PKH.	Biannual	e-PKH	Administration	MoSA Linjamsos
Share of new SE program recipients that are former PKH recipients	This indicator supports the convergence of MoSA interventions to increase effectiveness in overcoming poverty reduction. It aims to ensure that the SEE program is complementing social assistance spending. It measures the % of new	Annual (by program cohort)	SEE program MIS	SEE program MIS, administrative data	MoSA Dayasos



	<p>beneficiaries of SEE program that received PKH previously</p> <p>Numerator: Total number of new beneficiaries enrolled in SEE program in year X that had received PKH</p> <p>Denominator: Total number of new beneficiaries enrolled in SEE programs in year X</p>				
Total number of PKH beneficiary families					

Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
PKH information system enhancements implemented					
Production of operation monitoring statistical reports for all districts regularly generated and disclosed to related stakeholders					
PKH uses digital platforms and mass media to regularly disclose information about program performance and the					



program manages to carry out social promotion					
HR capacity building plan and performance monitoring system implemented for program implementers at the subnational level					
An enhanced GRS rolled out after evaluation of pilot					
Error, fraud, and corruption detection systems implemented					
Share of PKH beneficiary families, for which verification of their respective conditionality is recorded in e-PKH					
Share of non-civil servant HR contracted by MoSA for PKH implementation with their KPIs having been monitored quarterly	PKH's implementation performance and overall program effectiveness depends critically on its non-civil servant HR contracted by MoSA for PKH implementation, including approximately 36,000 facilitators, 2000 district/city/province/regional coordinators, 2,000 database operators at district/city/province levels, and about 60 expert consultants at national level. Their quantity (size and allocation), quality	annual	e-PKH HR module and MoSA report	Administration	MoSA



	<p>(competency, skill set, training), roles and responsibilities, and incentive (performance monitoring and career development) would affect their effectiveness in execution of their respective tasks and in turn PKH implementation effectiveness. In response to the recent Law on Social Workers and the Regulation on government contracted workers (P3K) to implement the 2014 Law on government employees, the current PKH HR management policies such as competency requirement, compensation, professional development, and performance management need to be reviewed and modified to comply with the new regulations and more importantly to equip and incentivize program implementation personnel</p>				
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	toward the program results.				
PKH introduces a temporary emergency cash transfer scheme in response to COVID-19 and other large- scale shocks	<p>This indicator measures a key effort of Government to minimize COVID-19's negative impact. COVID-19 is expected to affect the population in general and the poor and vulnerable in particular through multiple channels. The poor and vulnerable is likely more exposed to the virus due to lack of knowledge as well as lack of resources to protect themselves, including social distancing. Furthermore, the poor and vulnerable has the least capacity to endure subsequent economic hardship due to loss of work or lower income from weaker market demand. Hence a temporary emergency cash transfer introduced by PKH can timely protect their purchasing power and reduce their exposure to</p>	Annual	e-PKH	e-PKH	MoSA Linjamsos



	<p>the virus. This new scheme can become a standard intervention for the Government in response to large-scale natural disasters and epidemic shocks when needed. Specifically, the Government is going to introduce a temporary emergency cash transfer intervention under PKH to provide: a top-up benefit to the current PKH beneficiaries. Note this scheme is different from PKH's regular components on education and health as it is triggered by special circumstances and does not require compliance of any particular conditionality.</p>				
Share of PKH beneficiaries whose NIK numbers have been verified					
Number of PKH mother groups that have received FDS from trained facilitators					
Share of PKH mother groups that have been provided the relevant FDS per their choices	FDS as a structured education and behavior change communication	annual	PKH monitoring reports	administration	MoSA Linjamsos



	<p>instrument is a key pillar of PKH being cash plus platform. FDS complements PKH cash transfer benefit by coaching/mentoring recipients to gain essential knowledge and life skills and promoting positive behavior changes related to those topics. Building on the successful scaling up of FDS implementation, PKH will introduce new topics in response to emerging evidence on potential knowledge and behavior gaps related to health, financial literacy, and disaster coping and risk mitigation. PKH will also provide beneficiaries choice in selecting FDS topics most relevant and appropriate for their needs and adjust training and delivery planning accordingly.</p>				
Share of 0–6 years girls in the PKH families who received basic health and nutrition	This indicator assesses the effectiveness of the	Biannually	e-PKH	Administrative records	MoSA Linjamsos



services in accordance with protocol	program in improving health outcomes for young female children. According to the program's protocol, children should have complete childhood immunization and take Vitamin A capsules twice a year; and they should be given check-ups for growth monitoring (monthly for infants 0-11 months, and quarterly for children 1-6 years). The program information system e-PKH is to be used to track changes in the fulfillment of this indicator.				
Share of 7–18 years girls in PKH families attending primary, junior, and senior secondary school at least 85% of the time	This indicator measures the share of school-aged female children in PKH families attending classes at least 85% of the time. This indicator is a core part of the program's goals to improve long-term human development outcomes by encouraging enrollment and attendance to school. The program information	Biannually	e-PKH	Administrative records	MoSA Linjamsos



	system e-PKH is to be used to track changes in the fulfillment of this indicator.				
Ratio of number of PKH beneficiary families to number of the targeted families in areas categorized by the Ministry of Social Affairs as remote and border areas					
Number of PKH beneficiary families that also receive benefits for severely disabled or elderly family members					
Monitoring system for SE program is operational	This indicator supports the progressive development of a new IS for the social entrepreneurship program, that can capture key selected indicators related to: (i) program implementation and management; and (ii) participants' results	Annual	Document with Information System design proposal, Information System reports	SE Program Information System, MoSA report	MoSA
Share of new SE program recipients that are women	While the SE program targets PKH graduates' beneficiary families, the recipients can be any working age family members that is best placed to develop a micro-enterprise. It measures the % of recipients of SE	annual (by program cohort)	SE program Information System	Administrative records	MoSA Dayasos



	program cash grant that are women.				
DTKS increasingly uses information from relevant internal and external databases for DTKS data updating and develops improved data use environments and dissemination channels	<p>The overall accuracy of the DTKS can be enhanced if relevant data can be sourced from other institutions, including core social assistance programs that use the DTKS such as PKH, Sembako and PBI-JKN, thereby also reducing duplication of data collection efforts. DTKS could source some key variables directly from selected institutions such as, for example, education attainment from DAPODIK of the Ministry of Education. Information on vehicle registration, civil servants and tax data could be used to both update information bilaterally while also helping MoSA determine errors of inclusion.</p> <p>At the same time, there has been significant public</p>	Annual	SIKS-NG	Verification in the SIKS-NG that interoperability/data sharing between DTKS and eligible internal and external databases is enabled	MoSA Pusdatin



	<p>investment in the UDB between 2010 and 2016 and from 2017 onwards, the DTKS under the SIKS-NG platform. As local governments and central government institutions are beginning to become more active in updating the data and becoming interoperable with DTKS, the environment under which updating and subsequent sharing is conducted should become more efficient and accessible. This can be achieved through the development of Middleware and Business Intelligence (BI) systems for the local and central government as well as other stakeholders to be used for the purposes of data updating, data dissemination. To support local governments and central governments in optimizing the updating</p>				
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	process and use of the DTKS, help desks and analytical tools should also be developed.				
MoSA establishes a disaster victim database to support better disaster response	Natural disasters cause severe destruction of livelihoods and infrastructure for poor and non-poor alike. While social safety net programs can assist their existing recipients, they usually are not able to assist in a timely manner those who only become poor or vulnerable as a result of the disaster. DTKS can source population data for disaster-affected areas from the Population Registry (SIK) of the Ministry of Home Affairs in coordination with the National Disaster Response Agency (BNPB) to complement the bottom 40% poverty targeting data. and combine it with additional information on	Annual	SIKS-NG	Reports regarding information requirements and MoUs are established. Verification in the SIKS-NG	MoSA Pusdatin



	<p>victims’ needs from on-the-ground assessment by BNPB and local governments in the immediate aftermath of disaster. This disaster victim database would then be able to appropriately inform and support a range of potential disaster response programs, including temporary safety nets programs such as cash transfers, housing programs and food assistance programs.</p>				
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Disbursement Linked Indicators Matrix

DLI 1	PKH PMIS enhancements implemented			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	No	Text	10,000,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			



Between Feb 27, 2020 and the signing of Legal Agreement		0.00	
2020	Audit report recommended enhancements implemented	10,000,000.00	
2021		0.00	
2022		0.00	
2023		0.00	
Action: This DLI has been Revised. See below.			

DLI 1		PKH information system enhancements implemented		
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
<i>Output</i>	<i>No</i>	<i>Text</i>	<i>3,000,000.00</i>	<i>0.00</i>
Period	Value	Allocated Amount (USD)		Formula
<i>Baseline</i>	<i>No</i>			
<i>Between Feb 27, 2020 and the signing of Legal Agreement</i>			<i>0.00</i>	
<i>2020</i>	<i>PKH information system audited and enhancements recommended</i>		<i>1,000,000.00</i>	
<i>2021</i>	<i>Audit report recommended enhancements implemented</i>		<i>2,000,000.00</i>	



2022			0.00	
2023			0.00	
DLI 2	Share of sub-districts with PKH beneficiary families having switched to cashless payment methods			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	Yes	Percentage	30,000,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	15.00			
Between Feb 27, 2020 and the signing of Legal Agreement	0.00		0.00	
2020	73.00		30,000,000.00	
2021			0.00	
2022			0.00	
2023			0.00	
<i>Action: This DLI has been Revised. See below.</i>				



DLI 3				
An enhanced GRS rolled out after evaluation of pilot				
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	No	Text	10,000,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			
Between Feb 27, 2020 and the signing of Legal Agreement			0.00	
2020	Grievance analysis produced		10,000,000.00	
2021			0.00	
2022			0.00	
2023			0.00	
DLI 4				
Share of PKH beneficiary families, for which verification of their respective conditionality is recorded in PKH PMIS				
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	Yes	Percentage	30,000,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	40.00			



Between Feb 27, 2020 and the signing of Legal Agreement	0.00	0.00
2020	90.00	30,000,000.00
2021		0.00
2022		0.00
2023		0.00

DLI 5	Share of PKH beneficiaries receiving other social assistance program benefits			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	Yes	Percentage	30,000,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	13.60			
Between Feb 27, 2020 and the signing of Legal Agreement	0.00		0.00	
2020	95.00		30,000,000.00	
2021			0.00	
2022			0.00	



2023			0.00	
<i>Action: This DLI has been Marked for Deletion</i>				
DLI 6	Share of PKH beneficiaries whose NIK numbers have been verified			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	Yes	Percentage	10,000,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	73.50			
Between Feb 27, 2020 and the signing of Legal Agreement	0.00		0.00	
2020	95.00		10,000,000.00	
2021			0.00	
2022			0.00	
2023			0.00	



DLI 7		Number of PKH mother groups that have received FDS from trained facilitators		
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	Yes	Number	40,000,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	7,357.00			
Between Feb 27, 2020 and the signing of Legal Agreement	0.00		0.00	
2020	106,000.00		40,000,000.00	
2021			0.00	
2022			0.00	
2023			0.00	
DLI 8		Total number of PKH beneficiary families		
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	Yes	Number (Thousand)	20,000,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	5,981.00			



Between Feb 27, 2020 and the signing of Legal Agreement	0.00	0.00
2020	10,000.00	20,000,000.00
2021		0.00
2022		0.00
2023		0.00

DLI 9	Ratio of number of PKH beneficiary families to number of the targeted families in areas categorized by the Ministry of Social Affairs as remote and border areas			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	Yes	Percentage	20,000,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	48.00			
Between Feb 27, 2020 and the signing of Legal Agreement	0.00		0.00	
2020	85.00		20,000,000.00	
2021			0.00	
2022			0.00	



2023			0.00	
<i>Action: This DLI has been Revised. See below.</i>				
DLI 9	<i>Ratio of number of PKH beneficiary families to number of the targeted families in areas categorized by the Ministry of Social Affairs as remote and border areas</i>			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
<i>Intermediate Outcome</i>	Yes	Percentage	20,000,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula
<i>Baseline</i>	48.00			
<i>Between Feb 27, 2020 and the signing of Legal Agreement</i>	0.00		0.00	
2020			0.00	
2021	85.00		20,000,000.00	<i>\$600,000 per each percentage point increase between 60% and</i>
2022			0.00	
2023			0.00	



DLI 10		Share of PKH beneficiary families receiving food assistance benefits (Rastra/BPNT/Sembako)		
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	Yes	Percentage	15,000,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	32.00			
Between Feb 27, 2020 and the signing of Legal Agreement			0.00	
2020	45.00		5,000,000.00	not time bound
2021	95.00		10,000,000.00	Unit price \$200,000 for each percentage point(baseline 45%)
2022			0.00	
2023			0.00	
Action: This DLI is New				
DLI 11		Share of PKH beneficiary families with at least one member receiving health insurance premium fee waiver (PBI-JKN)		
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	Yes	Percentage	15,000,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula



Baseline	10.00			
Between Feb 27, 2020 and the signing of Legal Agreement			0.00	
2020	45.00		5,000,000.00	not time bound
2021	95.00		10,000,000.00	Unit price: \$200,000 for each percentage point(baseline 45%)
2022			0.00	
2023			0.00	
Action: This DLI is New				
DLI 12	PKH introduces a temporary emergency cash transfer scheme in response to COVID-19 and other large- scale shocks			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	No	Text	100,000,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			
Between Feb 27, 2020 and the signing of Legal Agreement	Existing PKH beneficiaries receive top-up cash transfer under a new temporary emergency scheme, introduced under PKH in response to COVID-19		98,000,000.00	sequential; not time-bound



2020			0.00	
2021	MoSA issues a guideline regarding the PKH temporary emergency cash transfer scheme for future large-scale natural disasters and epidemic shocks after assessing the scheme's implementation experience in 2020		2,000,000.00	sequential; not time-bound
2022			0.00	
2023			0.00	
Action: This DLI is New	<p>Rationale: <i>PKH can be leveraged to protect the poor and most vulnerable from the negative impacts of Covid-19, which is expected to affect the population in general and the poor and vulnerable in particular through multiple channels. The poor and vulnerable is likely more exposed to the virus due to lack of knowledge as well as lack of resources to protect themselves, including social distancing. Furthermore, the poor and vulnerable has the least capacity to endure subsequent economic hardship due to loss of work or lower income from weaker market demand. Hence a temporary emergency cash transfer introduced by PKH can timely protect their purchasing power and reduce their exposure to the virus. This new component can become a standard intervention for the Government in response to large scale natural disasters and epidemic shocks when needed. Note this component is different from PKH's regular components on education and health as it is triggered by special circumstances and may cover families who are not eligible for PKH regular components.</i></p>			

DLI 13	Share of PKH beneficiaries having had their socio-economic status re-assessed during the past two years			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Outcome	Yes	Text	30,000,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula



Baseline	Assessment has been piloted.		
Between Feb 27, 2020 and the signing of Legal Agreement		0.00	
2020	MOSA has developed a standard socio-economic assessment instrument, operational procedures, and implementation guidelines to monitor progress and identify needs	2,000,000.00	sequential; not time bound
2021	MOSA has analyzed the socio-economic assessment output data from the first six months of implementation and recommended an action plan to meet beneficiary specific needs identified	8,000,000.00	sequential; not time bound
2022		0.00	
2023	80% of PKH beneficiaries having had their socio-economic status reassessed during the past two years (baseline: 30%)	20,000,000.00	\$400,000 for each percentage point (baseline:30%)
Action: This DLI is New	<p>Rationale: <i>PKH needs to monitor the progress made by the beneficiaries and assist in linkage with complementary programs. In addition to its newly deployed systems (e-PKH, grievance redressal, compliance verification, non-cash payment), PKH will invest in a new beneficiary social economic status assessment system to monitor family situation and promote the provision of more relevant and appropriate programs and services (e.g. economic empowerment programs, vocational training or tertiary education, etc.) to cater specific family needs. Furthermore, this assessment system helps identify those families that have become ineligible and hence should exit the program and give space for newly eligible families.</i></p>		



DLI 14	Share of non-civil servant HR contracted by MoSA for PKH implementation with their KPIs having been monitored quarterly			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	Yes	Text	50,000,000.00	0.00
Period	Value	Allocated Amount (USD)	Formula	
Baseline	The current HR management is not optimal for developing a professional and competent team			
Between Feb 27, 2020 and the signing of Legal Agreement		0.00		
2020	MoSA has conducted a holistic assessment on PKH HR competency, workload, compensation, career development and capacity building, performance monitoring, and regulatory requirements to provide recommendations of actions for the next 3-5 years	2,000,000.00	sequential; not time bound	
2021	MoSA has established a performance management system with position specific KPIs linking to reward, career development, and capacity building for contracted HR	8,000,000.00	sequential; not time bound	
2022		0.00		
2023	70% of non-civil servant human resources contracted by MoSA for PKH implementation with their KPIs having been monitored quarterly within the calendar year (baseline: 20%)	40,000,000.00	Unit price: \$800,000 for each percentage point(baseline-20%)	



<p><i>Action: This DLI is New</i></p>	<p>Rationale: <i>Following the new laws/regulations related to government contracted workers and social workers, PKH non-organic staff HR policies and management need to be transformed toward professionalism and competency. PKH's overall effectiveness depends critically on its implementation staff (facilitators, coordinators, operators at sub-national levels and contracted staff at national level). The HR policy and management framework need to be reviewed in terms of quantity (size and allocation), quality (competency, skill set, training), roles and responsibilities, and incentive (performance monitoring and career development), in the light of the new laws/regulations on Social Workers and government contracted workers, to equip and incentivize program implementation staff toward the program results. The review will be aligned with the framework on "Development Facilitator" led by Bappenas.</i></p>			
<p>DLI 15</p>	<p>Share of PKH mother groups that have been provided the relevant FDS per their choices</p>			
<p>Type of DLI</p>	<p>Scalability</p>	<p>Unit of Measure</p>	<p>Total Allocated Amount (USD)</p>	<p>As % of Total Financing Amount</p>
<p>Output</p>	<p>Yes</p>	<p>Text</p>	<p>20,000,000.00</p>	<p>0.00</p>
<p>Period</p>	<p>Value</p>		<p>Allocated Amount (USD)</p>	<p>Formula</p>
<p>Baseline</p>	<p>Five Modules (health, education, child protection, household economy, elderly and disability care) not in place</p>			
<p>Between Feb 27, 2020 and the signing of Legal Agreement</p>			<p>0.00</p>	
<p>2020</p>	<p>MoSA upgrades existing FDS Modules to introduce four new topics (four sessions in total) to meet the emerging needs of beneficiaries</p>		<p>2,000,000.00</p>	<p>sequential; not time bound</p>
<p>2021</p>	<p>Four new FDS can be provided by the trained facilitators to PKH mother groups</p>		<p>3,000,000.00</p>	<p>sequential; not time bound</p>



2022	MoSA develops a new Disaster Preparedness Module to educate PKH beneficiaries		5,000,000.00	sequential; not time bound
2023	Target: 60% of PKH mother groups have been provided the relevant FDS per their choice by trained facilitators (Baseline: 20%)		10,000,000.00	Unit price:\$250,000 for each percentage point (baseline-20%)
Action: This DLI is New	Rationale: <i>FDS complements cash transfer benefit by coaching/mentoring recipients to gain essential knowledge and life skills related to key topics considered relevant for families. PKH will introduce new topics (e.g., family planning, smoking prevention, access to micro-credit, e-commerce), and develop a new Disaster Preparedness Module to prepare beneficiaries for natural disasters and reduce disaster risks in their surroundings when possible. The planning of FDS will provide beneficiaries choice in selecting FDS topics most relevant and appropriate for their needs. The training of facilitators will be strengthened further to take into account of their mother groups' preference and needs.</i>			
DLI 16	Share of new SE program recipients that are former PKH recipients			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Outcome	No	Text	20,000,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	0.00			
Between Feb 27, 2020 and the signing of Legal Agreement			0.00	
2020	At least 95% of new SE program recipients in 2020 are PKH Graduates		5,000,000.00	sequential; time bound



2021	At least 98% of new SE program recipients in 2021 are PKH Graduates		5,000,000.00	sequential; time bound
2022	At least 98% of new SE program recipients in 2022 are PKH Graduates		5,000,000.00	sequential; time bound
2023	At least 98% of new SE program recipients in 2023 are PKH Graduates		5,000,000.00	sequential; time bound
Action: This DLI is New	<p>Rationale: <i>MoSA is uniquely placed to serve as a “bridge” between social assistance recipients and complementary services. But there is a need to prepare social assistance beneficiaries and support access to these services This indicator supports that social assistance beneficiaries receive the social and economic empowerment program. It shows how the Social Entrepreneurship program is complementing social assistance spending.</i></p>			
DLI 17	Monitoring system for SE program is operational			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	No	Text	50,000,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	no			
Between Feb 27, 2020 and the signing of Legal Agreement			0.00	
2020	MoSA has completed the design of the monitoring system		5,000,000.00	sequential; not time bound
2021	MoSA has developed the information system to support selection process of beneficiaries,		10,000,000.00	sequential; not time bound



	contracted service provision monitoring, and beneficiary business status monitoring			
2022	(i) MoSA has generated routine reports by the information system; and (ii) the information system is interoperable with SIKS-NG		35,000,000.00	sequential; not time bound
2023			0.00	
Action: This DLI is New	Rationale: <i>There is global evidence on what it takes to increase income generation capacity of SA beneficiaries, but doing it well at scale is not easy/common This indicator supports monitoring and evaluation of the SE program to help inform scale up decision.</i>			
DLI 18	Share of local governments that are submitting updated data that meets DTKS standards			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Outcome	Yes	Text	50,000,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	Basic data updating standards in place			
Between Feb 27, 2020 and the signing of Legal Agreement			0.00	
2020	MoSA enhances data standards and implements such standards in the intake of local government DTKS data submissions.		5,000,000.00	sequential; not time bound



2021	30% of all local governments submit data that meets MoSA's enhanced standards		15,000,000.00	sequential; not time bound
2022			0.00	
2023	80% of local governments submit updated data that meets MoSA's enhanced standards (baseline: 30%)		30,000,000.00	Unit price:\$600,000 for each percentage point (baseline:30%)
Action: This DLI is New	Rationale: <i>A reliable, regularly and accurately updated DTKS is critical for assessing needs and conditions of the population and determining their eligibility for social protection programs. A dynamic data updating process has been rolled out for local governments to update data changes related to the existing registrants and propose new families. This process needs to be strengthened by ensuring the appropriate protocols are in place. These will specify the required quantity and quality standards for DTKS updating.</i>			
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			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	Yes	Text	30,000,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	2 External databases are interoperable with DTKS; no Middleware and Business Intelligence systems, dedicated help desk or analytical tool is in place			



Between Feb 27, 2020 and the signing of Legal Agreement			0.00	
2020	MoSA develops Middleware and Business Intelligence Systems and they are accessible to local governments		4,000,000.00	not time bound
2021	A SIKS-NG help desk is in place		4,000,000.00	not time bound
2022	A DTKS analytical tool is in place		4,000,000.00	not time bound
2023	A total of 11 databases are interoperable with DTKS (baseline: 2 databases are interoperable with DTKS)		18,000,000.00	Unit price:\$2000000 for each additional database(baseline:2)
Action: This DLI is New	<p>Rationale: <i>The overall accuracy of the DTKS can be enhanced if relevant data can be sourced from other institutions, reducing the need for duplication of data collection efforts. DTKS is seeking to improve the quality of its data and reducing the burden on local governments by sourcing key variables directly from selected institutions such as, for example, education attainment from DAPODIK of the Ministry of Education. Information on vehicle registration, civil servants and tax data could be used to both update information bilaterally while also helping MoSA determine errors of inclusion.</i></p>			
DLI 20	MoSA establishes a disaster victim database to support better disaster response			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	No	Text	50,000,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	Disaster victim related data not digitized and			



	linked with DTKS		
Between Feb 27, 2020 and the signing of Legal Agreement		0.00	
2020		5,000,000.00	sequential; not time bound
2021		10,000,000.00	sequential; not time bound
2022		15,000,000.00	sequential; not time bound
2023		20,000,000.00	sequential; not time found
Action: This DLI is New	<p>Rationale: <i>Natural disasters cause severe destruction of livelihoods and infrastructure for poor and non-poor alike. While social safety net programs often can assist their existing recipients, they usually will not be able to assist those who only become poor or vulnerable as a result of the disaster. DTKS can play an important role in supporting social protection program response to natural disasters if it can source disaster affected population data from the Population Registry (SIK) of the Ministry of Home Affairs and combine it with additional information on victims' needs from on-the-ground assessment by BNPB and local governments in the immediate aftermath of disaster.</i></p>		

Verification Protocol Table: Disbursement Linked Indicators

DLI 1	PKH PMIS enhancements implemented
Description	



Data source/ Agency	
Verification Entity	
Procedure	
DLI 1	PKH information system enhancements implemented
Description	
Data source/ Agency	
Verification Entity	
Procedure	
DLI 2	Share of sub-districts with PKH beneficiary families having switched to cashless payment methods
Description	
Data source/ Agency	
Verification Entity	
Procedure	
DLI 3	An enhanced GRS rolled out after evaluation of pilot
Description	
Data source/ Agency	
Verification Entity	
Procedure	



DLI 4	Share of PKH beneficiary families, for which verification of their respective conditionality is recorded in PKH PMIS
Description	
Data source/ Agency	
Verification Entity	
Procedure	
DLI 5	Share of PKH beneficiaries receiving other social assistance program benefits
Description	
Data source/ Agency	
Verification Entity	
Procedure	
DLI 6	Share of PKH beneficiaries whose NIK numbers have been verified
Description	
Data source/ Agency	
Verification Entity	
Procedure	
DLI 7	Number of PKH mother groups that have received FDS from trained facilitators
Description	



Data source/ Agency	
Verification Entity	
Procedure	
DLI 8	Total number of PKH beneficiary families
Description	
Data source/ Agency	
Verification Entity	
Procedure	
DLI 9	Ratio of number of PKH beneficiary families to number of the targeted families in areas categorized by the Ministry of Social Affairs as remote and border areas
Description	
Data source/ Agency	
Verification Entity	
Procedure	
DLI 9	Ratio of number of PKH beneficiary families to number of the targeted families in areas categorized by the Ministry of Social Affairs as remote and border areas
Description	
Data source/ Agency	
Verification Entity	



Procedure	
DLI 10	Share of PKH beneficiary families receiving food assistance benefits (Rastra/BPNT/Sembako)
Description	This indicator will measure the share of PKH beneficiaries receiving one of other main SA programs in addition to PKH. The programs are Rastra/BPNT/Sembako (food assistance) and PBI-JKN (health insurance premium fee waiver) respectively. Per the program designs, both programs are supposed to include the same families that are eligible for PKH.
Data source/ Agency	e-PKH and MoSA report
Verification Entity	BPKP
Procedure	The PKH information system report is reviewed and the beneficiaries' status data related to Rastra/BPNT/Sembako and PBI-JKN respectively is verified on a sample basis using a random sample of no less than 1,500 beneficiary families.
DLI 11	Share of PKH beneficiary families with at least one member receiving health insurance premium fee waiver (PBI-JKN)
Description	This indicator will measure the share of PKH beneficiaries receiving one of other main SA programs in addition to PKH. The programs are Rastra/BPNT/Sembako (food assistance) and PBI-JKN (health insurance premium fee waiver) respectively. Per the program designs, both programs are supposed to include the same families that are eligible for PKH.
Data source/ Agency	e-PKH and MoSA report
Verification Entity	BPKP
Procedure	The PKH information system report is reviewed and the beneficiaries' status data related to Rastra/BPNT/Sembako and PBI-JKN respectively is verified on a sample basis using a random sample of no less than 1,500 beneficiary families.
DLI 12	PKH introduces a temporary emergency cash transfer scheme in response to COVID-19 and other large- scale shocks
Description	This indicator measures a key effort of Government to minimize COVID-19's negative impact. COVID-19 is expected to affect the population in general and the poor and vulnerable in particular through multiple channels. The poor and vulnerable is



	likely more exposed to the virus due to lack of knowledge as well as lack of resources to protect themselves, including social distancing. Furthermore, the poor and vulnerable has the least capacity to endure subsequent economic hardship due to loss of work or lower income from weaker market demand. Hence a temporary emergency cash transfer introduced by PKH can timely protect their purchasing power and reduce their exposure to the virus. This new scheme can become a standard intervention for the Government in response to large-scale natural disasters and epidemic shocks when needed. Specifically, the Government is going to introduce a temporary emergency cash transfer intervention under PKH to provide: a top-up benefit to the current PKH beneficiaries. Note this scheme is different from PKH’s regular components on education and health as it is triggered by special circumstances and does not require compliance of any particular conditionality.
Data source/ Agency	<ol style="list-style-type: none"> 1. e-PKH and OM-SPAN monitoring records/payment service providers (PSP) payment records 2. MoSA Regulation on Temporary Emergency Cash Transfer
Verification Entity	BPKP
Procedure	The verification process of DLR12.1 will review the payment instruction and OM-SPAN monitoring/PSP payment records after the first payment is made. For DLR12.2, the verification process will review the regulation for its clarity and feasibility to be implemented as well as whether the regulation is developed with consultation with key stakeholders.
DLI 13	Share of PKH beneficiaries having had their socio-economic status re-assessed during the past two years
Description	PKH will invest in a new beneficiary socio-economic status assessment system to monitor beneficiary family progress over time after enrollment and to facilitate appropriate linkages to what MoSA and other relevant entities (e.g. social service, economic empowerment programs, vocational training or tertiary education, etc.) may provide to cater specific family needs. The frequency depends on the poverty and vulnerability dynamics and will be one key design parameter of the assessment system. As some families may progress more rapidly than others and become ineligible over time, this system will also serve to identify these ready-to-exit beneficiaries and hence open space for newly eligible families. The screening role of this assessment system would improve the targeting performance by reducing inclusion errors.
Data source/ Agency	e-PKH and MoSA report



Verification Entity	BPKP
Procedure	(i) PKH beneficiary socio-economic assessment system documents (instrument, procedure, and guidelines) are reviewed for consistency and compliance with PKH related regulations; (ii) The data analysis and recommendation report is reviewed for its methodology soundness and appropriateness of its recommendations; (iii) the PKH information system report is reviewed and the beneficiary socio-economic assessment data from that year is verified on a sample basis using a random sample of no less than 1,500 beneficiary families.
DLI 14	Share of non-civil servant HR contracted by MoSA for PKH implementation with their KPIs having been monitored quarterly
Description	PKH’s implementation performance and overall program effectiveness depends critically on its non-civil servant HR contracted by MoSA for PKH implementation, including approximately 36,000 facilitators, 2000 district/city/province/region coordinators, 2,000 database operators at district/city/province levels, and about 60 expert consultants at national level. Their quantity (size and allocation), quality (competency, skill set, training), roles and responsibilities, and incentive (performance monitoring and career development) would affect their effectiveness in execution of their respective tasks and in turn PKH implementation effectiveness. In response to the recent Law on Social Workers and the Regulation on government contracted workers (P3K) to implement the 2014 Law on government employees, the current PKH HR management policies such as competency requirement, compensation, professional development, and performance management need to be reviewed and modified to comply with the new regulations and more importantly to equip and incentivize program implementation personnel toward the program results.
Data source/ Agency	MoSA
Verification Entity	BPKP
Procedure	(1) The HR assessment report is reviewed for comprehensiveness, including consultation(s) with key stakeholders, and consistency with the new regulations on P3K and social workers; (2) The contracted worker HR performance management



	policy document is reviewed for clarity, integrity, and practicality as well as measurement arrangement for position specific KPIs; (3) the PKH information system report on KPI data for two quarters within each calendar year is reviewed and the KPI data is verified on a sample basis using a random sample of no less than 500 contracted staff.
DLI 15	Share of PKH mother groups that have been provided the relevant FDS per their choices
Description	FDS as a structured education and behavior change communication instrument is a key pillar of PKH being cash plus platform. FDS complements PKH cash transfer benefit by coaching/mentoring recipients to gain essential knowledge and life skills and promoting positive behavior changes related to those topics. Building on the successful scaling up of FDS implementation, PKH will introduce new topics in response to emerging evidence on potential knowledge and behavior gaps related to health, financial literacy, and disaster coping and risk mitigation. PKH will also provide beneficiaries choice in selecting FDS topics most relevant and appropriate for their needs and adjust training and delivery planning accordingly.
Data source/ Agency	MoSA report
Verification Entity	BPKP
Procedure	(i) The four new FDS sessions materials (content, instruction tools and e-learning training course) are reviewed to ensure for appropriateness of messages for PKH beneficiaries in each topic; (ii) the training of PKH facilitators is reviewed to ensure that all mother groups demanding for the newly developed FDS sessions can be provided; (iii) the new Disaster Module materials (module design, content, instruction tools, and e-learning training course) are reviewed for appropriateness of messages; (iv) the PKH information system report on FDS delivery is reviewed and the FDS delivery data is verified on a sample basis using a random sample of no less than 1,500 mother groups.
DLI 16	Share of new SE program recipients that are former PKH recipients
Description	This indicator supports the convergence of MoSA interventions to increase effectiveness in overcoming poverty reduction. It aims to ensure that the SEE program is complementing social assistance spending. It measures the % of new beneficiaries of SEE program that received PKH previously Numerator: Total number of new beneficiaries enrolled in SEE program in year X that had received PKH Denominator: Total number of new beneficiaries enrolled in SEE programs in year X



Data source/ Agency	SE Program Information System, administrative records, MoSA Dayasos
Verification Entity	BPKP
Procedure	Verified against MoSA administrative data, in one of the following ways: 1. The SE program shares beneficiary list with complete NIK (unique identifier) with e-PKH and cross-check based on NIK to determine and report back n number of beneficiaries that coincide. 2. Alternatively, PKH shares beneficiary list with SE program who cross-checks based on NIK and consolidates the information to determine the indicator
DLI 17	Monitoring system for SE program is operational
Description	This indicator supports the progressive development of a new IS for the social entrepreneurship program, that can capture key selected indicators related to: (i) program implementation and management; and (ii) participants' results.
Data source/ Agency	SE MIS reports, MoSA Dayasos reports
Verification Entity	BPKP
Procedure	Verified against document outlining the design of the new Information System (IS), a report on functionalities of the systems and then through IS reports. The document outlining the new IS design should contain at least: (i) the structure of the IS (e.g. modules), (ii) definition of management and results indicators for reporting, (iii) requirements for interoperability with SIKS-NG, and (iv) responsibilities and process for data collection and input. The routine reports should contain key management and result indicators defined in the design document. The system should have the possibility to exchange information with SIKS-NG.



DLI 18	Share of local governments that are submitting updated data that meets DTKS standards
Description	A regularly and completely updated DTKS is critical for assessing needs and conditions of the population and determining their eligibility for social protection programs. Local governments are tasked with data collection and submission of existing and newly proposed potential beneficiaries of social protection programs and relay these data vertically up to MoSA via the SIKS-NG for inclusion into the DTKS. This process needs to be strengthened through the development of comprehensive standards that will ensure the completeness of the DTKS. Local governments' data submissions to the DTKS that are considered complete will satisfy two dimensions: (i) 80 percent of the households submitted has all key socio-economic information filled (ii) the socio-economic information of 20 percent of total households submitted is two years old or less.
Data source/ Agency	<ul style="list-style-type: none"> • DTKS/SIKS-NG report, MoSA Pusdatin • checking the SIKS-NG directly
Verification Entity	BPKP
Procedure	<p>Verify that MoSA defines data standards via a report that is accessible to local governments and that the standards described in the report are reflected in the SIKS-NG intake processes of DTKS updating.</p> <p>Verify that the data standards implemented include checks of local governments' DTKS updates such that the data included in the DTKS is internally consistent.</p> <p>Verify the share of total district governments that submit DTKS data at least once a year that meets the standards implemented</p>
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
Description	The overall accuracy of the DTKS can be enhanced if relevant data can be sourced from other institutions, including core social assistance programs that use the DTKS such as PKH, Sembako and PBI-JKN, thereby also reducing duplication of data collection efforts. DTKS could source some key variables directly from selected institutions such as, for example, education attainment from DAPODIK of the Ministry of Education. Information on vehicle registration, civil servants and tax data could be used to both update information bilaterally while also helping MoSA determine errors of inclusion. At the same time,



	<p>there has been significant public investment in the UDB between 2010 and 2016 and from 2017 onwards, the DTKS under the SIKS-NG platform. As local governments and central government institutions are beginning to become more active in updating the data and becoming interoperable with DTKS, the environment under which updating and subsequent sharing is conducted should become more efficient and accessible. This can be achieved through the development of Middleware and Business Intelligence (BI) systems for the local and central government as well as other stakeholders to be used for the purposes of data updating, data dissemination. To support local governments and central governments in optimizing the updating process and use of the DTKS, help desks and analytical tools should also be developed.</p>
Data source/ Agency	<ul style="list-style-type: none"> • DTKS/SIKS-NG report, MoSA Pusdatin • checking the SIKS-NG directly
Verification Entity	BPKP
Procedure	<p>Verify the number of eligible external and internal databases that are interoperable with the DTKS. Interoperability is defined here as able to exchange discrete information with DTKS either by updating the DTKS or receiving updates from the DTKS or both.</p> <p>Verify that improved data use environment and dissemination channels are implemented in the DTKS/SIKS-NG and are accessible.</p> <p>Eligible external databases / ministry linkages include MoHA SIAK, MoEC, MoRA, MoH and/or BPJS PBI-JKN, BPKS Labor, ESDM, PLN, MoF Tax data, Police vehicle registration from Polri, Kemenkominfo, and PUPR housing subsidy</p> <p>MoSA internal program databases include Sembako, PKH, and Social Entrepreneurship</p>
DLI 20	MoSA establishes a disaster victim database to support better disaster response
Description	<p>Natural disasters cause severe destruction of livelihoods and infrastructure for poor and non-poor alike. While social safety net programs can assist their existing recipients, they usually are not able to assist in a timely manner those who only become poor or vulnerable as a result of the disaster. DTKS can source population data for disaster-affected areas from the Population Registry (SIAK) of the Ministry of Home Affairs in coordination with the National Disaster Response Agency (BNPB) to complement the bottom 40% poverty targeting data. and combine it with additional information on victims'</p>



	needs from on-the-ground assessment by BNPB and local governments in the immediate aftermath of disaster. This disaster victim database would then be able to appropriately inform and support a range of potential disaster response programs, including temporary safety nets programs such as cash transfers, housing programs and food assistance programs.
Data source/ Agency	SIKS NG, MoSA Pusdatin
Verification Entity	BPKP
Procedure	Verify that MoSA has produced document that details information management system requirements for disaster victim assistance (DLR 20.1). Verify that MoSA, BNPB and MoHA agree on data sharing protocol(s) through Memorandum of Understandings (MoU) (DLR 20.2). Verify that SIKS-NG includes a module that facilitates data sharing as per the requirements in DLR 20.1 and agreement in DLR 20.2 (DLR 20.3). Verify that data is shared from both MoHA SIAK data and BNPB disaster related damage and response data to the DTKS at least once after DLR 20.3 is achieved (DLR 20.4).



ANNEX 1: INTEGRATED RISK ASSESSMENT

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Latest ISR Rating	Current Rating
Political and Governance	● Moderate	● Moderate
Macroeconomic	● Substantial	● Moderate
Sector Strategies and Policies	● Moderate	● Moderate
Technical Design of Project or Program	● Moderate	● Substantial
Institutional Capacity for Implementation and Sustainability	● Substantial	● Substantial
Fiduciary	● Substantial	● Substantial
Environment and Social	● Moderate	● Moderate
Stakeholders	● Moderate	● Moderate
Other		
Overall	● Substantial	● Substantial



ANNEX 2: SUMMARY OF ECONOMIC ANALYSIS IN TECHNICAL ASSESSMENT

Rationale for public provisioning

1. **The public spending in the provision of social assistance primarily on the grounds of equity.** Social safety nets are non-contributory transfer programs seeking to prevent the poor or those vulnerable to shocks from falling below a certain welfare level and to protect those who do live below that welfare level. Public interventions to reduce poverty are often justified on ethical and political grounds when market solution to large extent depends on the initial distribution of resources. In addition to meeting basic needs of poor recipients, cash transfers are shown to alleviate constraints on those families to invest in their children's human capital and increase the use of existing public services of education and health outcomes. Specifically, PKH as a CCT program promotes positive behavior changes of recipients by tying cash disbursement to the fulfillment of conditionality on the one hand and by providing FDS structured learning and behavior change communication to the caregivers of beneficiary families. Direct cash transfers to poor and vulnerable households can make certain policy reforms (e.g., energy subsidy reforms) more palatable, thereby encouraging robust economic growth.

2. **Economic inclusion can catalyze productive investments and reduce persistent poverty in a cost-effective way.** There is a small but growing literature showing that effective economic inclusion must address multiple constraints simultaneously – such as when providing productive grants, coaching and technical assistance support together. Public intervention is justified due to the challenges faced by the poor in accessing these different resources in a coordinated way while properly designed and implemented economic inclusion interventions would promote greater productive labor participation and facilitate coordinated access to market opportunities. Evidence also suggests that economic inclusion interventions are more effective when complementing cash transfer programs.

3. **All of these, in turn, have high externalities, providing another justification for public provision.** In addition, improving efficiency and effectiveness of social spending is critical for the public sector given the high returns and redistributive effects. Investing in key instruments that increase efficiency and effectiveness of social spending by improving targeting and inclusion into programs, like the social registry constitute important public goods with high externalities in the context of poverty reduction strategies.

Program's economic impact

4. **The Program is expected to have positive impacts on the Government's effectiveness and efficiency in delivering social assistance programs.** By supporting PKH coverage expansion, strengthening its delivery systems, and improving the coordination with other complementary social programs, the parent PforR has contributed to the increased effectiveness of PKH. The AF can further support PKH as one of core pillars of Indonesia's comprehensive social assistance system to a "cash plus" platform to connect social assistance recipients to relevant services and opportunities. By also including MoSA's economic empowerment programs and social registry, the AF is expected to have positive impacts on MoSA's effectiveness in delivering economic empowerment programs and social assistance programs that rely on an accurate and regularly updated social registry.



5. **The evidence on the household welfare impact of CCT programs in general, and PKH in particular, is well established.** The majority of CCT impact evaluations finds positive short-term impacts on consumption, utilization of health and education services, empowerment of women where they are recipients, and reduction of child labor and increase in assets.⁴⁹ In Indonesia, two (midline and end line) impact evaluations have been conducted; the former revisited families after approximately three years of experience with the program, while the latter revisited families after more than six years of experience. Results from these evaluations, indicate that PKH was directly responsible for greater investments in education and health, while providing consumption budget support. The midline evaluation demonstrated that PKH was responsible for statistically significant increases in prenatal care.⁵⁰ The likelihood of attending at least four prenatal visits increased by 9 percentage points while newborn delivery at a facility or attended by a professional increased by 5 percentage points. Postnatal care improved by almost 10 percentage points, while immunizations and growth monitoring checkups increased by 3 percentage points and 22 percentage points, respectively. Significant impacts were registered in the likelihood of children receiving immunization (PKH households saw an increase of 7 percentage points). PKH improved neonatal visits by 7.1 percentage points but it had no significant impact on outpatient visits or increased intake of iron tablets. The end line evaluation also finds very strong cumulative impacts of PKH on stunting reduction, between 23 to 27 percent reduction among beneficiaries due to the program.⁵¹ In addition, PKH continues to promote the use of doctors or nurses in birth. On the education side, PKH had increased children's enrolment at schools by 4 percentage points, which can be interpreted as halving the non-enrolment of children aged 7-15 years old. The recent studies on long term impacts of Mexico and Chile CCT programs also show encouraging impacts on learning outcome, labor market participation, and labor income.⁵² At the macro level, the provision of cash transfers increases utilization of health and education services and food consumption while reducing income uncertainty. A recent study finds large impacts of one-time high value cash transfer on consumption and assets of recipients as well as large positive spillovers on non-recipient households and firms, and minimal price inflation.⁵³

6. **For economic inclusion, there is a small but growing literature showing that addressing multiple constraints simultaneously can catalyze productive investments and reduce persistent poverty in a cost-effective way.** CGAP (2016) compares the cost-effectiveness of three strands of anti-poverty social protection interventions: livelihood programs (30 programs reviewed), lump sum cash grants (11 programs reviewed) and "holistic" graduation programs (7 programs reviewed).⁵⁴ Lump-sum cash transfers were found to have the highest benefit-cost ratio (though very few measure long-term impacts), and graduation programs were found to be more cost-effective than the traditional livelihood approach when working with the extreme poor. While more evidence is needed - especially on long-term impacts - to make better comparisons among the three types of programs for sustainable reduction of extreme poverty, the results are encouraging.⁵⁵ A Randomized Control Trial (RCT) study in Sri Lanka shows that

⁴⁹ Fiszbein and Schady 2009, Bastagli et al 2016

⁵⁰ Alatas (2011)

⁵¹ Cahyadi, Hanna, Olken, Prima, Satriawan, and Syamsulhakim (2018)

⁵² Neidhofer and Nino-Zarazua (2019), Behrman, Parker, and Todd (2019).

⁵³ Eggar, Haushofer, Miguel, Niehaus, and Walker (2019)

⁵⁴ All the selected graduation initiatives focused on the extreme poor, while the livelihood development and cash transfer programs targeted a broader set of beneficiaries.

⁵⁵ A recent study on Targeting the Ultra Poor Program provides encouraging evidence on a multifaceted graduation approach



one-time cash grant (similar to the cash grant planned in the SE program) increases profit significantly after 2.5 year of the program, and the profit increase continues after 5 years the cash was distributed.⁵⁶ However, this is only true for male-owned microenterprises. In another RCT impact evaluation conducted in Uganda found that integrated microenterprise program was able to improve annual per capita income and cash inflows while cash transfer only (conditional or unconditional) did not have any impact on economic outcomes⁵⁷. The research on MoSA's KUBe program shows mixed results on the program's impact. Some studies found that KUBe has been able to provide employment and improve income of the members, while other research, including the ones conducted internally by MoSA's Research Center, show that KUBe has not been effective in improving the welfare of the beneficiaries. One common recommendation is that the design and implementation must be strengthened, including better member selection criteria and a stronger facilitation/technical assistance approach on the ground.

7. Across the world, there is an increasing emphasis on expanding “Cash Plus” interventions that build on established cash transfer programs.⁵⁸ More and more, social protection interventions are evolving to try to become more personalized and holistic, as it is recognized that the challenges faced by the poor are multidimensional and evolve over time. For example, evidence shows that adding productive elements to safety nets can have stronger poverty-reduction effects, promote economic opportunities, with beneficiaries more likely to expand own-businesses and own-farm labor.⁵⁹ The emergence of complementary economic inclusion programs that converge government-led social assistance programs (such as PKH) and livelihood interventions for the poor (such as SE), facilitated by strong social registries (like DTKS), is a promising development.⁶⁰ In these cases, the social assistance program provides the consumption assistance while the livelihood program provides the rest of the package. Common delivery systems, including social registries for beneficiary identification and electronic payment mechanisms, facilitate this integration. One example can be found in the Philippines. the Sustainable Livelihood Program (SLP) was introduced in 2011 to help generate sustainable livelihoods for *Pantawid Pamilya* beneficiaries (comprising 80 percent of SLP participants) and poor households. The program identified participants after a household evaluation of wellbeing, likelihood of exit from poverty, and household capacity to participate in the program. SLP provided participants either microcredit or employment facilitation, through access to seed capital, training, locally available jobs and public works. Around three

evaluated across six countries (Banerjee et al., 2015). Although outcomes varied by country, the overall outcomes were both promising and persistent. Most strikingly, the study argues that, despite the heavy unit cost of the program, the program would have benefits of between 1.3 and 4.3 times the expenditure. While most of the first-wave impact assessments are for years 2, 3 and 4 after program commencement, a pilot in West Bengal in India and the scaled-up program in Bangladesh have been tracked at seven years (Bandiera et al., 2016) and more recently a 11-year follow-up on human capital outcomes (Bandiera et al., forthcoming). Long-term impacts were seen to be positive and multiplicative. Additionally, there are early indications of intergenerational impact on children's nutritional status and school retention.

⁵⁶ De Mel et al, “One-Time Transfers of Cash or Capital Have Long-Lasting Effects on Microenterprises in Sri Lanka”, 2012

⁵⁷ The research on MoSA's existing social and economic program KUBe show mixed results on the program's impact. Several studies found that KUBe has been able to provide employment and improve income of the members, while other research, including the ones conducted internally by MoSA's Research Center, show that KUBe has not been effective in improving the welfare of the beneficiaries. One common recommendation is the design and implementation of economic empowerment program must be strengthened, including better KUBe member selection criteria and facilitation approach on the ground.

⁵⁸ Jorgensen and Siegel, 2019

⁵⁹ Ralston et al., 2017

⁶⁰ These are most common in Latin America, with programs such Peru's Haku Wiñay, Colombia's Jóvenes en Acción, Brazil's Plano Brasil Sem Miséria, Nicaragua's Red de Protección Social, among others. These provide complementary interventions (asset transfers, training, financial education, seed funding, micro-entrepreneurship support, labor intermediation, etc.) to cash transfer beneficiaries.



quarters of all participants in SLP used the microfinance modality, though this percentage is higher for *Pantawid Pamilya* beneficiaries. The national social registry is used to identify participants. Similarly, in 2018, Pakistan launched its National Poverty Graduation Strategy, which includes collaboration between BISP and PPAF to help BISP beneficiaries graduate from poverty. This would involve provision of financial services, asset transfers and training, with beneficiaries being identified using the social registry and further screened for potential to benefit from these services.

8. The UDB had enabled more effective allocation of public spending on social assistance in the past and improving DTKS data quality will further reduce targeting errors. Between 2010 and 2014, in part as a result of the adherence to the UDB, beneficiary incidence for key social assistance programs such as PKH, PIP, and PBI-JKN to the poorest 20 percent of households increased by 13, 2.5, and 2 percentage points, respectively. This is particularly impressive considering that it was achieved in the context of a significant expansion in coverage for both PKH and Jamkesmas (now PBI-JKN). Combining 2018 beneficiary incidence with the 2018 realized spending for core cash and near food transfers PKH, PIP and BPNT suggests about 20 percent of spending is allocated to the poorest 10 percent of the population, with another 50 percent reaching the vulnerable in deciles two to four. Supporting the continued and further improved ability of DTKS to allocate social protection programs to those most in need is thus key to realizing the Government's vision of protecting the poor and vulnerable and achieving near zero poverty by 2050. Expanded outreach and communication, coupled with a strong system of dynamic updating of DTKS at the district level, could help address exclusion errors. While some improvements in targeting outcomes could come from developing more advanced PMT modelling techniques, a forthcoming World Bank paper has suggested that these will only marginally improve outcomes⁶¹ - reducing errors of exclusion will be very much dependent on the ability of the DTKS to update existing data and take in new data.

World Bank's Value-Added

9. The World Bank is well placed to advise MoSA as it supports CCT programs, productive inclusion and social registries in over 40 countries, 22 with lending operations, including Mexico, Brazil, Kenya, and the Philippines. The World Bank in Indonesia has been supporting MoSA since the inception of PKH. Subsequently the World Bank has also supported the conceptualizing and developing most of the FDS modules, advised in operation design, and implemented one impact evaluation. Since 2015 the World Bank has increased the technical support the program's operation and provided critical inputs to the coverage expansion and benefit level increase policy discussion. The engagement on economic inclusion and social registry started in 2015 and has become more intensive in the past 12 months. Leveraging research and policy engagements from a number of client countries on social registry and economic inclusion, the World Bank has published a number of cutting-edge knowledge products. The team comprises key international experts on CCT, productive inclusion, social registry delivery system, and government reform from multiple Global Practices, including Social Protection and Jobs, Financial, Competitiveness, and Innovations, Governance, Education, to provide advice on aspects of payments, targeting, HR development, and the institutional set up.

⁶¹ Wai Poi and Ralston (2020) Forthcoming. Big Data, Machine Learning and Prediction in the Targeting of Social Protection Programs. World Bank.



10. **Overall, the economic analysis of the AF suggests the Program will have significant positive impact on improving the inclusiveness, effectiveness and efficiency of the social assistance system.** These impacts would come through strengthening of the delivery systems related to PKH and economic empowerment programs, improving the linkage between them, and making DTKS more inclusive and reliable.



ANNEX 3: FIDUCIARY SYSTEMS ASSESSMENT – ADDENDUM

1. **Executive Summary.** An assessment has been carried out on the proposed AF Program to develop an addendum to the Fiduciary Systems Assessment (FSA) for the parent PforR in 2017. There are two additional programs within the expanded scope of the AF: 1) Social Entrepreneurship (SE) program and 2) the social registry (DTKS/SIKS-NG). This addendum focused on parent PforR performance (PKH) and the new SE program. MoSA's Data and Information Center (Pusdatin) has the responsibility of managing DTKS/SIKS-NG is considered of already following regular fiduciary systems as a functioning government unit and hence is not included as part of the assessment.
2. As the SE program has just started in 2020, the assessment is primarily based on another social and economic empowerment program KUBe that has been implemented by MoSA for more than two decades. According to the current SE program design, its financial management has similar financial management arrangements as for KUBe and PKH, including budgeting, flow of funds, accounting reporting and auditing. However, the SE program has a lower risk since it has a much smaller number of recipients and expenditures. The SE program provides a grant as a seed fund for a selected former PKH beneficiary to scale up or upgrade economic/productive activities.
3. Procurement under the Program is expected to involve the procurement of goods and services other than consulting services. The Procurement under the Program is expected to involve only small value contracts. Considering this, and based on review of the overall procurement framework, the assessment determined that procurement to be carried out under the Program only carries a moderate risk.
4. There are some improvements compared to the last fiduciary assessment conducted on PKH: i) the program budget has increased resulting from the expansion of coverage from 6 million to 10 million beneficiary families; ii) a more robust payment mechanism from cash-based to bank account based transfer has been completed; iii) an unqualified (clean) audit opinion has been given since 2016, comparing to Disclaimer in 2015, reflecting the improved fiduciary processes of the program. In addition, improvements to complaint handling and beneficiary targeting mechanisms have been made since the previous assessment, as evidenced by the establishment of the PKH contact center in 2018 and the roll-out of an integrated referral system (SLRT) in more than 150 cities/districts.
5. **Planning and Budgeting.** Existing and additional programs follow a country system on planning and budgeting. The programs are budgeted regularly in the Government's annual budget and are given as part of MoSA budget document. There was no issue in planning and budgeting as PKH is one of the national priority programs. The Government provided budget adequately for PKH as it went through the coverage expansion. Based on audited Financial Statement 2018, the budget increased proportionally when the coverage was expanded from 6 million to 10 million family beneficiaries. 90.12 percent of PKH budget was allocated for cash transfer expenditures.
6. Table 3.1 below shows the budget realization for FY 2018 across different Echelon 1 units within MoSA while Table 3.2 shows budget realization for social assistance expenditure across these units. The realized budget for PKH cash transfer benefit expenditure by DG Social Protection and Security (Linjamsos) amounted to IDR 17,532,099,749,200 (equivalent to USD 1.2 billion). It represents 46 percent of total



social assistance benefit expenditures under MoSA and 42 percent of total budget realization by MoSA. Between 2017 and 2018, the realized social assistance benefit expenditure increased 166.86%.

Table 3.1. Budget Realization FY 2018 (Per Echelon 1)

Echelon I	Budget Allocation	Budget Realization	%
Secretariat General	338,089,886,000	328,157,427,301	97.06
Inspectorate General	45,999,752,000	44,765,759,155	97.32
DG Social Empowerment	498,505,882,000	483,754,840,015	97.04
DG Social Rehabilitation	1,025,616,559,000	1,000,638,593,455	97.56
DG Social Protection and Security	19,668,377,420,000	19,601,013,911,053	99.66
DG Poor Handling	21,455,112,967,000	19,999,845,572,910	93.22
Education and Training Centre	361,434,463,000	354,497,101,391	98.08
Total	43,393,136,929,000	41,234,142,871,044	95.02

Table 3.2. Social Assistance Expenditures (Per Echelon 1)

Category	Realization	Notes
DG Social Empowerment	154,194,267,773	Individual, Family, Community, and disaster
DG Social Rehabilitation	244,594,057,278	Child, Senior, Drug and Social center, Disaster
DG Social Protection	17,625,913,553,946	PKH and Natural Disaster
DG Poor Handling	19,131,149,304,000	(Poverty Alleviation: BPNT, Rastra, UEP KUBE and Natural Disaster)
Total	37,155,851,182,997	

7. **Treasury Management.** The programs use a government treasury management system which works adequately. However, there is a change on payment transfer process on the side of beneficiaries. When the team conducted the original fiduciary assessment, the beneficiaries received the fund through a post office (cash based). Since 2018, all beneficiaries receive the fund through a bank transfer. MoSA signed an MoU with the HIMBARA banks to transfer the fund to beneficiary accounts. This is considered as a big improvement to the system. A bank transfer carries low or negligible risk as funds are transferred to beneficiary accounts directly. There was no reported case on delay/incomplete amount. However, based on BPK audit: 19,987 beneficiaries' card could not distribute in three provinces. It was minor findings compare to total 10 million beneficiaries. The SE program will follow the same system: recipients receive cash grant payments via the same system directly via the use of bank accounts.

8. **Internal Control.** The existing internal control is considered adequate. The PKH beneficiaries are based on DTKS (social registry) which is prepared by a different directorate while the recipients of the SE program are selected from the former PKH beneficiaries. The final PKH beneficiary list is issued after validation by JSK. The Directorate JSK submits the final list to the KPPN (Treasury Office) for processing of the payment transfer through the HIMBARA banks to beneficiary accounts directly. There is a risk regarding the possibility that field facilitators withdraw the funds on behalf of the beneficiaries. In order



to mitigate the risk, the program conducts continuous socialization as well as local government monitoring. In addition, local government units (Dinas Sosial) and PKH District Coordinators cross-check and sometimes conduct further confirmation directly with beneficiaries. As the SE program selects recipients from former PKH beneficiaries, to mitigate this risk, MoSA will need to provide financial literacy training to all SE recipients that require it.

9. **Accounting and Financial Reporting.** All programs use government accounting and reporting system (SAI) to record the overall program expenditures as well as its line items. The accounting records for the program is maintained at aggregate expenditure levels instead of detailed expenditures at the level of individual beneficiaries. There is a weakness that needs to be improved further. After fund transfer to beneficiaries account, MoSA conducts a reconciliation process with the HIMBARA banks. The funds are not automatically received by the beneficiaries. It may happen due to several reasons such as incorrect transfer, the passing away of beneficiaries, or the relocation of beneficiaries (in the case of PKH). Therefore, the central reconciliation process needs to be matched with district reconciliation which have more information that can be considered as more reliable and valid. There is a compliance issue where not all districts submitted the reconciliation reports timely. That said, the disputed amount comprised just US\$90,560 out of US\$1.2 Billion in FY 2018 for PKH program. Even so, MoSA will need to improve the reconciliation system. MoSA has developed a new MIS system to mitigate this issue which includes a feature on bank reconciliation. A trial run of the new system has been implemented and full implementation will be active within Q1 2020. The World Bank will review the payment reconciliation mechanism after the first tranche of payments is completed in March 2020. It is recommended that the SE program also develop a payment reconciliation process to reduce the accounting and reporting risk.

10. **Auditing.** MoSA has proven significant improvements in its fiduciary processes as shown by successive external audit results. The Audit Board of Indonesia (BPK) expressed a disclaimer opinion as of FY 2015. MoSA followed up all findings and recommendations. Since then, BPK expressed an unqualified (clean) opinion for FY 2016–2018. MoSA’s Inspectorate General as internal auditor of the ministry also conducted operational audits to the program internally.

11. **Procurement.** The procurement of goods, works, consultant services and non-consultant services carried out by MoSA is governed by the Presidential Regulation (*Perpres*) No. 16/2018 on Government Procurement and its technical guidelines. The *Perpres* became effective as of January 2018 and the use of the LPSE e-procurement system is mandated for procuring contracts exceeding IDR 200 million (around US\$ 13,000). The procurement profile of the AF shall refer to the existing profile of the original program.

Table 3.3: Procurement Profile on 2018 and 2019

No.	Year	Category	Package No.	Description	Contract Price (US\$ Million)
1	2018	Non-Consultant Services	23698011	MIS PKH application	0.57
2	2018	Goods	23420011	Supporting equipment for PKH facilitator and operator	0.90
3	2019	Goods	27558011	Toolkit to support e-learning in learning center	1.31
				Total	2.78

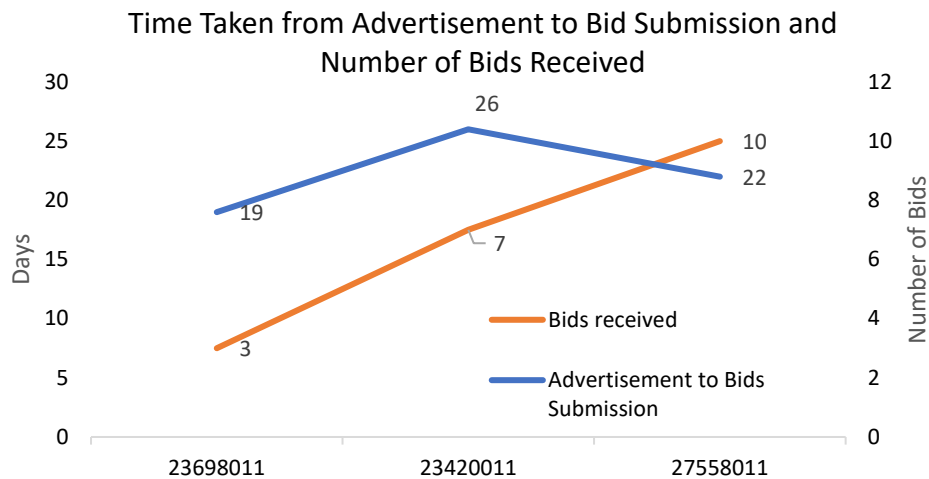


12. **Procurement Profile.** In practice, MoSA applies competitive bidding methods under *Perpres* No. 16/2018 to all procurement processes under the Program and using the LPSE e-procurement system. Starting 2018, the mechanism of transfer the fund is change from cash based to bank transfer to beneficiaries account through HIMBARA therefore there are no bidding for the services/transaction fee for distribution of cash transfer funds. Table 3.3 provides the procurement expenditure under the Program in year 2018 and 2019 which are procured through a public bidding method.

13. While MoSA also engages a large number of individuals as Facilitators under the Program, the recruitment of the Facilitators is carried out by MoSA based on the Government’s staff recruitment framework, and thus for the purpose of the World Bank financed program the recruitment of Facilitators will continue to be carried out in accordance with the Government’s applicable staff recruitment procedures and is not considered a procurement activity and hence not considered in this assessment. Staff recruitment procedures require advertisement through the MoSA website where candidates submit their interest and CV through MoSA’s website. Alternative channels include responses to newspaper ads and online media job postings. The selection for a role is based on the criteria stated in the advertisement as well as a face-to-face interview. In addition, the candidate who passed the interview will proceed to psychologist test. The results are then published in MoSA’s website.

14. **Procurement performance.** The information from LPSE e-procurement system on the procurement processes of contracts awarded over the last two years under the Program indicates the time period allowed for bid submission is 19-26 days. The time period is sufficient for the bidders to prepare their bids. The level of competition, in terms of number of bidders submitting bids, generally ranged from 3–10 bidders per bidding package, while a much larger number of firms (28-122) registered in the LPSE e-procurement system and viewed the bidding documents. In the case of the largest contract for goods, there were 122 registered firms while MoSA received 10 bids. MoSA took between 27–55 days from advertisement to contract award, and a further 2–11 days from contract award to contract signing, which indicates that the procurement processes were carried out in a timely manner.

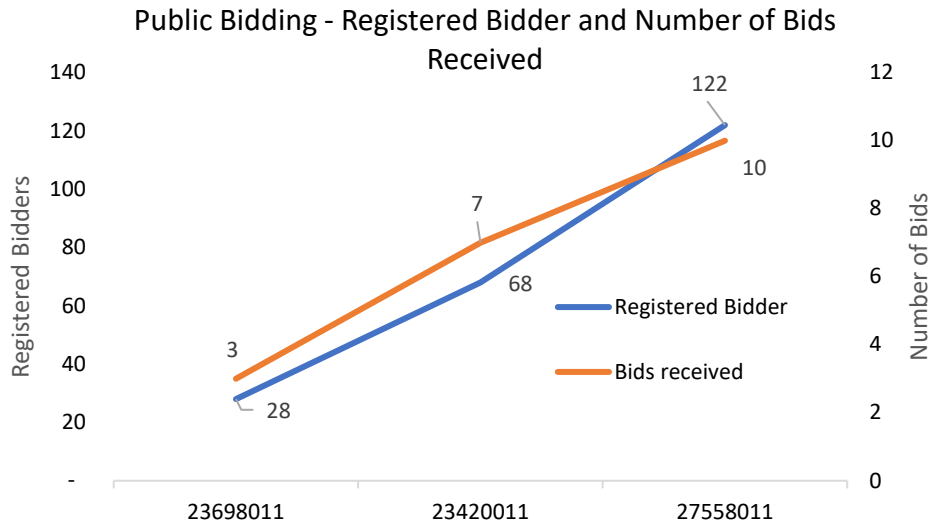
Figure 3.1. Time Allowed for Bid Submission is Adequate (2018 – 19)



Source: LPSE e-procurement system



Figure 3.2. Registered Bidder and Number of Bids Received (2018 – 19)



Source: LPSE e-procurement system

15. **Contract implementation.** Contract implementation data for past two years was not available during the assessment as MoSA informed that there are no cost or time overruns during the contract execution.

16. **Debarred/Sanction Firms.** The assessment revealed that MoSA generally complies with the requirement of ensuring ineligibility to contract firms blacklisted by the Government and published on LKPP’s website. However, MoSA has not checked the ineligibility of the World Bank’s debarred/temporarily suspended firms prior to awarding the contract. To mitigate this risk, MoSA needs to ensure that the World Bank’s debarred/temporarily suspended firms and individuals are not eligible to be awarded contracts under the AF Program.

17. **Transparency.** MoSA has established a Public Information Officer (PPID) in accordance with Law No. 14 year 2008 on Transparency of Public Information. This mechanism manages requests for public information, which is open by default, unless it falls under restricted categories such as protection of privacy and national security. In addition, MoSA has established a website for PKH on the MoSA website (<https://pkh.kemsos.go.id/>), which provides information about the program, including a dashboard on implementation progress. While the dashboard provides useful information on program coverage and implementation, it is not up-to-date (2018 data) and may be strengthened by linking directly with the internal program monitoring and evaluation systems. Information on public complaints and inquiries about MoSA programs that are submitted through the government-wide complaint handling system—LAPOR!—is publicly accessible through the LAPOR website, including their progress and resolution status (<https://www.lapor.go.id/instansi/kementerian-sosial>).

18. **Complaint handling.** All public services in Indonesia are required to establish a complaint handling system per Presidential Regulation 76/2013 including for MoSA-managed programs. Operationalizing the regulation, a “catch-all” uptake channel called LAPOR was established under the Presidential Staff Unit,



which allows public to file complaints of all sorts and delegate them to appropriate implementing government agencies down to sub-national offices. A review of LAPOR database reveals that beneficiaries and the general public access the platform to file complaints on PKH, SE as well as to flag potential exclusion errors for DTKS-based programs.

19. PKH has also recently revamped its complaint handling by establishing PKH contact center and rolling out an integrated referral system (SLRT) in 2018. The PKH Contact Center represents a combination of online and offline channels to receive complaints. Since its launch in 2018, there has been an increase of around 50 percent in number of complaints filed through calls, text messages, e-mails, and WhatsApp messages of the contact center. Guided by a design document, the contact center aspires to provide systematic complaint recording and follow-up. In parallel, an integrated referral system (SLRT) was rolled out in 2018. SLRT identifies the social protection needs and complaints of the poor and disadvantaged and is, by design, equipped with a referral system linked to various national and sub-national programs. Like DTKS, SLRT is part of MoSA's information system: SIKS-NG.

20. More can be done to integrate the various complaints systems and in ensuring continuous efforts are taken to eliminate barriers for beneficiaries and general public in voicing their concerns. There is yet to be a functioning linkage between the PKH Contact Center and SLRT as shown by number of unresolved complaints received in the latter about PKH. Vice versa, PKH contact center also receives questions regarding complementarity which SLRT could facilitate in resolving. Taking the lesson from KUBe, the new SE program needs to establish a structured complaint handling mechanism with multiple complaint channels, including LAPOR and SLRT. A recent Ombudsman report recommends that a more integrated complaint handling, including linkage with local governments, should be pursued. To improve the access and uptake, the PKH Contact Center should be made free of charge and more outreach should be conducted to maximize public accountability function of MoSA's grievance handling system.

21. **Fraud and Corruption.** Given the recent expansion, PKH will continue to face fraud and corruption risks. However, efforts made to detect and deter fraudulent and corrupt behaviors should be acknowledged and further improved. The sheer volume of transactions and the scope of the program which extends to remote parts of Indonesia continue to pose risks of delays in payments, exclusion and inclusion errors, and politicization of the program particularly during election cycles. Beneficiaries are still prone to fraudulent acts of PKH facilitators which includes deduction of benefits and cases are not usually reported due to imbalance power relation which results in fear of reprisal.

22. MoSA's efforts to bypass the usual reliance on facilitators for complains resolution should be applauded. This includes establishing the aforementioned contact center and the issuance of PKH Code of Conduct. The latter provide guidance for PKH staff in implementing the program so that any fraudulent and corrupt practices could be deterred, and if occurring, could be processed in a just and systematic manner. An Ethics Board has also been established to adjudicate complaints involving PKH facilitators including for fraud, corruption, and misuse of power. A series of "standard operations procedures" to guide complaints handling within JSK and Ethics Board have only been established and therefore it is still premature to conclude that the existing systems and processes are responding adequately to the number and type of complaints a program of PKH scale could encounter. The 2019 data shows that only 55 out of 1296 complaints logged in the contact center are corruption cases, a number that, according to international experiences, is considerably low. Moreover, only around 20 cases are brought to the Ethics Board. This low number of complaints could be due to costs associated with making calls, fear of reprisal,



or beneficiaries unaware of complaint handling facilities (PKH Contact Center Pilot Report, 2018). The ad-hoc nature of the Ethics Board also begs a question as to what kind of corruption and fraud cases would be processed by the Ethics Board and there is yet an establish protocol on how legal actions should then be followed.

23. At a national level, the increasing spending of social assistance in Indonesia also prompted the Government to roll out a set of action plans to help reduce corruption risks in implementation of various social assistance programs, as part of the implementation of the Presidential Regulation No. 54 year 2018 on the National Strategy for Corruption Prevention. The Corruption Eradication Commission (KPK) is responsible for the coordination and oversight of the action plan, and as the first step, KPK facilitates the much-needed synchronization between DTKS and population data managed by Ministry of Home Affairs. The exercise concludes that, applying a 70 percent matching criteria, there are still around 9% of DTKS beneficiaries whose identity data is not valid when checked against the population data. KPK plays an important convening role as it also aims to encourage local governments to take measures to curb down numbers of invalid DTKS entries. Improvement in DTKS quality will eventually help ensures payments are directed to the right accounts.

24. There is a risk that cash grants provided by the SE program are not used for the intended purpose. Because the intended recipients of the SE programs are the former PKH beneficiaries, the risk of inclusion error is likely small, comparing to the KUBE program, which has relied on the local Dina Sosial offices. Additional accountability measures need to be established to reduce the risk further. This could include 1) establishing a proper grievance redress systems and making sure its integration with existing system such as PKH Contact Center and SLRT; 2) designing a strong monitoring system to track the implementation of the program in the field, and 3) continuously analyzing grievances data to map out other program implementation risks to later inform the mitigation measures and further enhancement of the program design.

25. **Fiduciary risk.** The fiduciary risk for additional financing is assessed as Substantial. The programs follow existing government fiduciary control. The programs main risks are: i) internal control, especially on the SE program fund management; ii) recording and reconciling of payment data; iii) delay in payments by banks; iv) noncompliance with the World Bank's list of debarred/temporary suspended firms.

26. The proposed mitigation strategies are: i) to conduct continuous socialization, local government monitoring and beneficiary level confirmation as well as to provide financial literature training to SE recipients; ii) to develop a system for payment reconciliation for the SE program; iii) that procurement officers are required to check the World Banks debarment and temporary suspension lists and records in evaluation report prior to contract awarding; and (iv) the development of protocols to ensure bank's timely payment to beneficiaries in special circumstances i.e. remoteness, incomplete data, change of PKH caretakers.



ANNEX 4: ENVIRONMENT AND SOCIAL SYSTEMS ASSESSMENT – Addendum

Executive Summary

1. The Indonesia Social Assistance Reform Program (P160665) was initiated in 2017 to support PKH, the Indonesia's CCT program. The GoI has requested for AF in the amount of US\$400 million to support PKH to further strengthen its delivery system and to provide temporary emergency benefit in response to the COVID-19 pandemic. The AF Program will be extended to promote social and economic empowerment of social assistance beneficiaries through MoSA's newly launched SE program and to strengthen the social registry (DTKS/SIKS-NG) to enable integration of social assistance programs in Indonesia. The AF Program and the activities it supports do not change the social risk rating of the parent PforR, which is Moderate. The ESSA conducted during preparation of the parent program remains relevant. This Addendum has been prepared through desk research on the scope of the AF, legal developments, progress on the social PAPs under the parent PforR and a fresh round of consultations.
2. The parent PforR has shown progress on the social risk management front when compared against the recommendations in the PAP. There is evidence of progress in the establishment and standardization of GRS, streamlined roles and responsibilities of implementation personnel, provision of health and workers' security insurance for the personnel, as well as sequence of capacity development efforts to implement GRS, e-PKH, FDS, and awareness of personal safety across government levels. There have been some legislative and procedural changes in the PKH scope and transfer method, which can be regarded as having positive outcomes for social management of PKH implementation.
3. The assessment also identifies certain risks arising out of gaps in the social systems. The risk of personal safety for social workers is identified as a key risk with the AF. Exclusion risks due to the limitations of the DTKS database and the NIK documentation requirement are relevant for the AF Program. There is also a risk of social envy arising out of the implementation of the PKH and SE programs. The assessment also finds that without an established and well-functioning system for complaints and grievances under the SE program, these risks likely exacerbate.
4. The Addendum provides several specific recommendations on the gaps in social risk management that need to be filled and the measures to be taken. The key recommendations include strengthening of GRM implementation for PKH as well as the SE program, continuous capacity development for social workers across government levels and establishment of an incident reporting mechanism.
5. Overall, however, there are no significant changes to the parent program, with no activities found to potentially generate negative environmental or social consequences, and as such the Environmental and Social Risk Rating remain Moderate.



ANNEX 5: MODIFIED PROGRAM ACTION PLAN

Action Description	Source	DLI#	Responsibility	Timing		Completion Measurement	Action
MoSA strengthens capacity of PKH IT and data team to operate and upgrade PKH PMIS, including development of an Enhancement Action Plan to address various gaps and weaknesses of the current PMIS.	Technical		Client	Due Date	31-Jan-2019	The new PKH PMIS is capable to support program operation, to monitor implementation performance, and to serve information needs of all stakeholders efficiently.	Revised
Proposed							
MoSA strengthens capacity of IT and data team in Pusdatin and JSK to ensure e-PKH adequately support PKH operations and be integrated into SIKS-NG.	Technical		Pusdatin	Due Date	31-Jan-2022	The new e-PKH is capable to support program operation, to monitor implementation performance, to serve information needs of all stakeholders efficiently, and to become interoperable with SIKS-NG.	
PKH Operations Manual is revised and approved for dissemination and operational reference.	Technical		Client	Due Date	31-Jul-2017	PKH Operational Manual is up-to-date, clear, and comprehensive.	No Change
PKH assessment is strengthened through structured M&E activities.	Technical		Client	Due Date	31-Jan-2019	PKH operational performance can be regularly assessed using its M&E outputs.	Revised
Proposed							
PKH implementation performance assessment is	Technical		Client	Due Date	31-Jan-2021	PKH operational performance can be regularly assessed using its	



strengthened through structured M&E activities.						M&E outputs by MoSA and other key stakeholders.	
MoSA reviews PKH implementation requirements for Papua and other areas with challenging conditions and issues a guideline to allow more flexible implementation modalities that take into account local costs of operation and resource constraints.	Technical		Client	Due Date	29-Dec-2017	PKH Akses enables smooth operation in remote areas with challenging conditions.	Revised
Proposed MoSA reviews PKH operation requirements for Papua and other areas with challenging conditions and issues a guideline to allow more flexible implementation modalities that consider local costs of operation, resource constraints, and personnel safety.	Technical	DLI 9	Client	Due Date	31-Jan-2021	PKH Akses enables smooth operation in remote areas with challenging conditions.	
MoSA reviews the JSK's organizational structure, updates descriptions of units and positions (roles and responsibilities,	Technical		Client	Due Date	29-Dec-2017	JSK, as the national management body for PKH, has rationalized its organizational structure and job positions, and empowered its staff with clear roles and	Revised



job description and qualifications), and carries out training and capacity-building activities						responsibilities, tools and standards, and skill development opportunities.	
Proposed MoSA reviews the JSK's organizational structure, updates descriptions of units and positions (roles and responsibilities, job description and qualifications), rationalizes workload, and carries out training and capacity-building activities	Technical		Client	Due Date	31-Jan-2021	MoSA has rationalized PKH's national management team's organizational structure, overall HR size, and job positions, and empowered its staff with clear roles and responsibilities, tools and standards, and skill development opportunities.	
An Error, Fraud, and Corruption (EFC) Framework is finalized and adopted.	Technical		Client	Due Date	30-Nov-2018	An EFC framework is established to detect, prevent, and reduce errors, frauds, and corruption.	Revised
Proposed MoSA implements measures to detect and prevent errors, frauds, and corruption in PKH operation and pursue fraud and corruption cases per regulations.	Technical		Client	Due Date	31-Jul-2021	MoSA is capable to detect, prevent, and minimize errors, frauds, and corruption in PKH operation.	
Recertification strategy is suitably revised and approved for	Technical		Client	Due Date	31-Dec-2018	PKH has implemented a re-certification process with a	Revised



implementation.						regular schedule.	
Proposed							
PKH establishes a beneficiary socio-economic status assessment system.	Technical		Client	Due Date	31-Dec-2021	PKH assesses its beneficiary socio-economic status with a regular schedule.	
Disruptions in supply/availability of related education and health services are monitored, reported, and follow-up action/protocol developed for this purpose is approved.	Technical		Client	Due Date	31-Jan-2020	PKH has established a robust information sharing mechanism with education and health sectors	Marked for Deletion
MoSA develops a sample based assessment tool to monitor recipients' knowledge and behavior changes before and after provision of FDS	Technical	DLI 7	Client	Due Date	30-Sep-2021	MoSA has improved understanding of FDS effects in assisting recipients to learn and have positive behavior changes and can enhance FDS content, training, and delivery accordingly	New
MoSA establishes strong MoUs and detailed implementation agreements with implementation partners for the SE program. The agreement should specify detailed responsibilities, timelines, reporting and key performance indicators.	Technical		MoSA, DG Dayasos	Other	First agreement by October 2020, then in line with program expansion (based on local partners)	Finalize MoUs and Agreements with implementing partners for SE that includes responsibilities, reporting and key performance indicators	New



MoSA designs a rapid process assessment of the first pilot of the SE program and the first phase of scale up. This design should capture ongoing lessons and possibly adapt rapidly for the first phased scaled up.	Technical		MoSA DG Sayasos	Due Date	30-Oct-2020	Rapid assessment of SE model completed.	New
MoSA assesses data protection and privacy protocols vis-a-vis the relevant laws and/or regulations and develop improvements.	Technical		MoSA Pusdatin	Due Date	31-Jan-2021	MoSA develops and implements an action plan to improve DTKS processes related to local government data updating, data sharing with other databases, and dissemination practices to ensure legitimate, appropriate, and proportionate use of personal data	New
MoSA establishes MoU(s) with MoHA and BNPB regarding the data sharing protocols in the event of natural disasters	Technical		MoSA Pusdatin	Due Date	31-Jul-2021	Either a combined MoU or separate ones are developed between MoSA, MoHA and BPNB regarding data sharing protocols and data use to respond to natural disasters.	New
MoSA sets up a monitoring and evaluation team that can help local governments with DTKS updating	Technical		MoSA Pusdatin	Due Date	31-Jul-2021	A team of civil servants and technical experts is tasked specifically to help local governments update DTKS in line with established quality and quantity standards	New



MoSA establishes a Program coordination and monitoring unit, which comprises of representatives of involved DGs, Directorates, Pusdatin, Planning Bureau and headed by the Head of Planning Bureau empowered by the Minister.	Technical		MoSA	Other	one month after the effectiveness of AF	The Program implementation can be coordinated effectively among all involved team within MoSA and with outside stakeholders.	New
MoSA will take actions to strengthen its fiduciary management related to PKH.	Fiduciary Systems		Client	Due Date	31-Dec-2018	MoSA has strong fiduciary management capacity	Revised
Proposed MoSA will take actions to strengthen its fiduciary management related to PKH and economic empowerment programs, including checking the World Bank's debarred/temporarily suspended firms and individuals prior to awarding the contracts	Fiduciary Systems		MoSA	Due Date	31-Dec-2021	MoSA has strong fiduciary management capacity	
MoSA will assign a team of social specialists to oversee social risks and impacts and develop capacity-building and risk management strategies.	Environmental and Social Systems		Client	Due Date	31-Jul-2018	MoSA is able to oversee and manage social risks related to the program	No Change



MoSA strengthens mechanisms for redressal of grievances for PKH and Social Entrepreneurship, including establishment of a toll free helpline number and incident reporting mechanism for implementation personnel.	Environmental and Social Systems		MoSA	Due Date	31-Dec-2021	Grievance redressal mechanism(s) established for Social Entrepreneurship; toll free helpline established; SOPs for incident reporting mechanism are established and incorporated in the information systems	New
MoSA develops and implements communication and outreach strategy to provide adequate information to beneficiaries, social workers, and general public to increase equity of access related to access to information, it covers PKH and SE	Environmental and Social Systems		MoSA	Due Date	31-Dec-2021	Communication and outreach strategy for PKH and SE are developed and piloted to selected districts.	New

