

Document of  
**The World Bank**  
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Report No: PAD2796

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROGRAM APPRAISAL DOCUMENT

ON A

PROPOSED IBRD LOAN

IN THE AMOUNT OF \$400 MILLION

AND

A PROPOSED GRANT FROM THE MULTIDONOR TRUST FUND FOR  
THE GLOBAL FINANCING FACILITY (GFF)

IN THE AMOUNT OF \$20 MILLION

TO THE

REPUBLIC OF INDONESIA

FOR

INVESTING IN NUTRITION AND EARLY YEARS

May 25, 2018

Social, Urban, Rural And Resilience Global Practice  
East Asia And Pacific Region

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## CURRENCY EQUIVALENTS

(Exchange Rate Effective April 20, 2018)

Currency Unit = Indonesian Rupiah

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Rp. 13,782 = \$1

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\$0.00008 = Rp. 1

## FISCAL YEAR

January 1 - December 31

Regional Vice President: Victoria Kwakwa

Senior Practice Director: Ede Jorge Ijjasz-Vasquez, Timothy Grant Evans

Country Director: Rodrigo A. Chaves

Practice Manager: Kevin A Tomlinson, Toomas Palu

Task Team Leader(s): Samuel Thomas Clark, Ali Winoto Subandoro

## ABBREVIATIONS AND ACRONYMS

|                   |   |
|-------------------|---|
| Alokasi Dana Desa | Village Allocation Funds (from district government budgets)   |
| AWPB              | Annual Work Plan and Budget   |
| Bappeda           | Development Planning Agency at Sub-National Level ( <i>Badan Perencanaan Pembangunan Daerah</i> )           |
| Bappenas          | National Development Planning Agency ( <i>Badan Perencanaan Pembangunan Nasional</i> )                      |
| BCC               | Behavioral Change Communication   |
| BKKBN             | National Population and Family Planning Board ( <i>Badan Kependudukan dan Keluarga Berencana Nasional</i> ) |
| BPS               | National Statistical Agency ( <i>Badan Pusat Statistik</i> )  |
| BPJS              | Social Insurance Administration ( <i>Badan Penyelenggara Jaminan Sosial</i> )                               |
| BPKP              | National Development Financing Agency   |
| BPMD              | District Village Development and Community Empowerment Office   |
| BPNT              | Non-cash Government Assistance ( <i>Bantuan Pemerintah Non Tunai</i> )                                      |
| BPOM              | National Agency for Drug and Food Control ( <i>Badan Pengawas Obat dan Makanan</i> )                        |
| CPF               | Country Partnership Framework   |
| DA                | Designated Account  |
| DAK               | Special Allocation Funds ( <i>Dana Alokasi Khusus</i> )   |
| Dana Desa         | Village Funds (from central government budget)  |
| DEO               | District Education Office   |
| DFAT              | Department of Foreign Affairs and Trade (Australia)   |
| DG                | Director General  |
| DHO               | District Health Office  |
| Dinas             | Department  |
| DLI               | Disbursement Linked Indicator   |
| DPKD              | District Financial Management Office  |
| DPWO              | District Public Works Office  |
| DSAO              | District Social Affairs Office  |
| ECED              | Early Childhood Education and Development   |
| ESSA              | Environmental and Social Systems Assessment   |
| GFF               | Global Financing Facility   |
| Gol               | Government of Indonesiag  |
| HDW               | Human Development Worker  |
| IA                | Implementing Agency   |
| ICB               | International Competitive Bidding   |
| ICT               | Information and Communications Technology   |
| IFA               | Iron Folic Acid   |
| IFR               | Interim Financial Report  |
| INEY              | Investing in Nutrition and Early Years  |
| IPC               | Interpersonal Communication   |
| IPF               | Investment Project Financing  |
| I-SPHERE          | Indonesia-Supporting Primary Healthcare Reform Program  |
| IVA               | Independent Verification Agency   |
| Jampersal         | National Insurance for Maternal and Delivery Services ( <i>Jaminan Persalinan</i> )                         |
| JKN               | National Health Insurance ( <i>Jaminan Kesehatan Nasional</i> )   |
| KRISNA            | Collaborative Planning and Budget Performance Information ( <i>Kolaborasi</i>                               |

|                         |   |
|-------------------------|---|
|                         | <i>Perencanaan Dan Informasi Kinerja Anggaran)</i>  |
| M&E                     | Monitoring and evaluation   |
| MCC/MCA                 | Millennium Challenge Corporation/Millennium Challenge Account   |
| Menko PMK               | Coordinating Ministry for Human Development and Cultural Affairs ( <i>Kementerian Koordinator Bidang Pembangunan Manusia dan Kebudayaan</i> ) |
| MoAg                    | Ministry of Agriculture   |
| MoEC                    | Ministry of Education and Culture   |
| MoEF                    | Ministry of Environment and Forestry  |
| MoF                     | Ministry of Finance   |
| MoH                     | Ministry of Health  |
| MoHA                    | Ministry of Home Affairs  |
| MoPWH                   | Ministry of Public Works and Housing  |
| MoSA                    | Ministry of Social Affairs  |
| MoT                     | Ministry of Trade   |
| MoV                     | Ministry of Villages, Disadvantaged Areas and Transmigration  |
| NIK                     | National Identity Number ( <i>Nomor Induk Kependudukan</i> )  |
| PAMSIMAS                | Community-based Water Supply and Sanitation ( <i>Penyediaan Air Minum dan Sanitasi Berbasis Masyarakat</i> )                                  |
| PAP                     | Program Action Plan   |
| PAUD                    | Early Childhood Education and Development <i>or Pendidikan Anak Usia Dini</i>   |
| PASA                    | Programmatic Analytic and Advisory Services   |
| PDO                     | Program Development Objective   |
| <i>Perbup</i>           | District Head Regulation or Decree  |
| <i>Perwali</i>          | Mayor Regulation or Decree  |
| PforR                   | Program-for-Results   |
| PIU                     | Program Implementation Unit   |
| PKH                     | Conditional Cash Transfer Program ( <i>Program Keluarga Harapan</i> )   |
| PKK                     | Family Welfare Movement ( <i>Pembinaan Kesejahteraan Keluarga</i> )   |
| <i>Posyandu</i>         | Village health post for children and pregnant women ( <i>Pos Pelayanan Terpadu</i> )  |
| PPSD                    | Program Procurement Strategy for Development  |
| PSC                     | Program Steering Committee  |
| <i>Puskesmas</i>        | Health center at sub-district level <i>or Pusat Kesehatan Masyarakat</i>  |
| QCBS                    | Quality- and cost-based selection   |
| RA                      | Results Area  |
| RISKEDAS                | National Health Survey  |
| SARP                    | Indonesia Social Assistance Reform Program  |
| <i>Satker Setwapres</i> | Program Implementation Unit within SoVP   |
| SoVP                    | Secretariat of the Vice President   |
| NatStrat Stunting       | National Strategy to Accelerate Stunting Reduction ( <i>Strategi Nasional Percepatan Penurunan Stunting</i> )                                 |
| SUSENAS                 | National Semiannual Socioeconomic Survey ( <i>Survei Sosial Ekonomi Nasional</i> )  |
| TNP2K                   | National Team for Accelerating Poverty Reduction ( <i>Tim Nasional Percepatan Penanggulangan Kemiskinan</i> )                                 |
| TOR                     | Terms of Reference  |
| ULP                     | Procurement Service Unit  |
| UNICEF                  | United Nations Fund for Children  |
| WASH                    | Water, Sanitation, and Hygiene  |
| WHO                     | World Health Organization   |

**BASIC INFORMATION**

Is this a regionally tagged project?

No

Financing Instrument

Program-for-Results Financing

Bank/IFC Collaboration

No

Does this operation have an IPF component?

Yes

Environmental Assessment Category (IPF Component)

B-Partial Assessment

**Proposed Program Development Objective(s)**

To increase simultaneous utilization of nutrition interventions by 1,000-day households in priority districts.

**Organizations**

Borrower : Republic of Indonesia

Implementing Agency :

- Secretariat of the Vice President
- Ministry of Finance
- Ministry of Home Affairs
- Ministry of Health
- Ministry of Education and Culture
- Ministry of Social Affairs
- National Statistical Agency
- National Development Planning Agency
- Ministry of Villages, Disadvantaged Areas and Transmigration
- Coordinating Ministry for Human Development and Cultural Affairs

**COST & FINANCING****SUMMARY (USD Millions)**

|                         |           |
|-------------------------|-----------|
| Government program Cost | 14,638.00 |
| Total Operation Cost    | 6,605.00  |
| Total Program Cost      | 6,585.00  |



|                        |                 |
|------------------------|-----------------|
| IPF Component          | 20.00           |
| <b>Total Financing</b> | <b>6,605.00</b> |
| <b>Financing Gap</b>   | <b>0.00</b>     |

#### Financing (USD Millions)

|   |                 |
|---|-----------------|
| <b>Counterpart Funding</b>  | <b>6,185.00</b> |
| Borrower  | 6,185.00        |
| <b>International Bank for Reconstruction and Development (IBRD)</b> | <b>400.00</b>   |
| <b>Trust Funds</b>  | <b>20.00</b>    |
| Global Financing Facility   | 20.00           |

#### Expected Disbursements (USD Millions)

| Fiscal Year       | 2018 | 2019  | 2020   | 2021   | 2022   |
|-------------------|------|-------|--------|--------|--------|
| <b>Absolute</b>   | 0.00 | 43.20 | 67.00  | 144.60 | 165.20 |
| <b>Cumulative</b> | 0.00 | 43.20 | 110.20 | 254.80 | 420.00 |

#### INSTITUTIONAL DATA

##### Practice Area (Lead)

Social, Urban, Rural and Resilience Global Practice

##### Contributing Practice Areas

Education

Governance

Health, Nutrition & Population

Social Protection & Labor

##### Climate Change and Disaster Screening

Yes



### Private Capital Mobilized

No

### Gender Tag

Does the program 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

### SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

| Risk Category   | Rating        |
|---|---------------|
| 1. Political and Governance                                     | ● Substantial |
| 2. Macroeconomic  | ● Low         |
| 3. Sector Strategies and Policies                               | ● Moderate    |
| 4. Technical Design of Project or Program                       | ● High        |
| 5. Institutional Capacity for Implementation and Sustainability | ● High        |
| 6. Fiduciary  | ● High        |
| Fiduciary rating from IRT:                                      |               |
| ● High as of 24-Apr-2018  |               |
| 7. Environment and Social                                       |               |
| Environmental Risk rating from IRT:                             |               |
| ● Moderate as of 21-Feb-2018                                    | ● Moderate    |
| Social Risk rating from IRT:                                    |               |
| ● Low as of 20-Feb-2018   |               |
| 8. Stakeholders   | ● Moderate    |
| 9. Other  |               |
| 10. Overall   | ● High        |

**COMPLIANCE****Policy**

Does the program depart from the CPF in content or in other significant respects?

☐ Yes ☒ No

Does the program require any waivers of Bank policies?

☐ Yes ☒ No

**Safeguard Policies Triggered**

| Safeguard Policies                             | Yes | No |
|--|-----|----|
| Projects on International Waterways OP/BP 7.50 |     | ✓  |
| Projects in Disputed Areas OP/BP 7.60          |     | ✓  |

**Safeguard Policies Triggered (IPF Component)**

| Safeguard Policies   | Yes | No |
|--|-----|----|
| Environmental Assessment OP/BP 4.01                            | ✓   |    |
| Performance Standards for Private Sector Activities OP/BP 4.03 |     | ✓  |
| Natural Habitats OP/BP 4.04                                    |     | ✓  |
| Forests OP/BP 4.36   |     | ✓  |
| Pest Management OP 4.09  |     | ✓  |
| Physical Cultural Resources OP/BP 4.11                         |     | ✓  |
| Indigenous Peoples OP/BP 4.10                                  | ✓   |    |
| Involuntary Resettlement OP/BP 4.12                            |     | ✓  |
| Safety of Dams OP/BP 4.37                                      |     | ✓  |

**Legal Covenants**





#### Sections and Description

The Borrower shall establish by October 31, 2018, and, thereafter, maintain, at all times during the implementation of the Program, the following entities, with staff, functions and resources satisfactory to the Bank: a Leadership Committee, chaired by the Vice President and co-chaired by the Coordinating Minister for Human Development and Culture, consisting of ministers/head of agencies, or their designates, from Bappenas, Ministry of Finance, Ministry of Health, Ministry of Education and Culture, Ministry of Social Affairs, Ministry of Villages, Development of Disadvantaged Areas and Transmigration, Ministry of Home Affairs, and BPS, which shall be responsible for setting policies and annual targets, reviewing progress and performance, resolving specific issues as required, and approving the Program annual reports.

#### Sections and Description

The Borrower shall establish by October 31, 2018, and, thereafter, maintain, at all times during the implementation of the Program, the following entities, with staff, functions and resources satisfactory to the Bank: a Steering Committee, chaired by the deputy for human development and equality of the Ministry of State Secretariat and co-chaired by the deputy for health of the Coordinating Ministry for Human Development and Culture and the deputy for human and societal development and cultural affairs of Bappenas, consisting of echelon-1 officials of Bappenas, Ministry of Finance, Ministry of Health, Ministry of Social Affairs, Ministry of Education and Culture, Ministry of Home Affairs, Ministry of Villages, Disadvantaged Areas and Transmigration, BPS and BPKP, which shall be responsible for providing guidance throughout Program implementation and carrying out semi-annual monitoring reviews.

#### Sections and Description

The Borrower shall appoint BPKP to act as a verification agent for the Program in accordance with the terms of reference acceptable to the Bank.

#### Sections and Description

The Borrower shall undertake the actions set forth in the Program Action Plan in a manner satisfactory to the Bank.

#### Sections and Description

The Borrower shall adopt, no later than four (4) months after the Signature Date, and carry out the Program in accordance with the Operations Manual, acceptable to the Bank, which shall include the detailed institutional, administrative, financial, technical and operational guidelines and procedure for the implementation of the Program, and thereafter carry out the Program in accordance with such operations manual, as shall have been approved by the Bank ("Operations Manual").

#### Sections and Description

The Borrower shall furnish to the Bank each Program Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.



#### Sections and Description

Not later than December 31, 2020, the Borrower shall, in conjunction with the Bank, carry out a mid-term review of the Program ("Mid-term Review"), covering the progress achieved in the implementation of the Program. To this end, the Borrower shall prepare and furnish to the Bank not less than three (3) months prior to the beginning of the Mid-term Review, a report integrating the results of the Program's monitoring and evaluation activities on the progress achieved in the carrying out of the Program during the period preceding the date of such report, and setting out the measures recommended to ensure the efficient carrying out of the Program and the achievement of the objective of the Program during the period following such date. Following the Mid-term Review, the Borrower shall act promptly and diligently in order to take, or cause to be taken, any corrective action deemed necessary by the Bank to remedy any shortcoming noted in the carrying out of the Program in furtherance of the objective of the Program.

#### Conditions

| Type          | Description  |
|---------------|--|
| Effectiveness | The GFF Grant Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Borrower to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled. |
| Type          | Description  |
| Effectiveness | The Ministry of Finance has sent a Letter of Assignment to BPKP, authorizing BPKP to carry out the verification of the DLRs under the Program, in accordance with Section I.B of Schedule 2 to this Agreement.                               |

#### TASK TEAM

##### Bank Staff

| Name                 | Role                                    | Specialization                       | Unit  |
|----------------------|---|--------------------------------------|-------|
| Samuel Thomas Clark  | Team Leader(ADM Responsible)            | Senior Social Development Specialist | GSUID |
| Ali Winoto Subandoro | Team Leader                             | Nutrition Specialist                 | GHNGF |
| Budi Permana         | Procurement Specialist(ADM Responsible) | Procurement                          | GGOPG |
| Andy Chandra Firdana | Procurement Specialist                  | Procurement                          | GGOPG |
| Unggul Suprayitno    | Financial Management Specialist         | Financial Management                 | GGOEA |
| Ahmad Zaki Fahmi     | Team Member                             | Economist                            | GGOEA |



|                              |                                     |   |       |
|------------------------------|-------------------------------------|---|-------|
| Ahya Ihsan                   | Team Member                         | Senior Economist                              | GMTP2 |
| Alkadevi Morarji Patel       | Social Safeguards Specialist        | Social Safeguards                             | GSUID |
| Amer Hasan                   | Team Member                         | Senior Economist                              | GED02 |
| Anna Lisa Robertson          | Team Member                         | Safeguards                                    | GSUID |
| C Intan Oktora               | Team Member                         | Communications                                | GSUID |
| Catalina Quintero            | Team Member                         | Operations Officer                            | GTFMR |
| Changqing Sun                | Team Member                         | Senior Economist                              | GSP02 |
| Christine Panjaitan          | Team Member                         | Program Assistant                             | EACIF |
| Claudia Rokx                 | Team Member                         | Lead Health Specialist                        | GHN04 |
| Dea Widyastuty               | Team Member                         | Operations Analyst                            | GSU08 |
| Deviariandy Setiawan         | Team Member                         | Senior Water Supply and Sanitation Specialist | GWA02 |
| Eko Setyo Pambudi            | Team Member                         | Research Analyst                              | GHN02 |
| Ellen Van De Poel            | Team Member                         | Economist (Health)                            | GHNGF |
| Elvina Karjadi               | Team Member                         | Senior Health Specialist (Nutrition)          | GHN02 |
| Elviyanti Martini            | Team Member                         | Nutrition                                     | GHN02 |
| Emmanuel Skoufias            | Team Member                         | Lead Economist                                | GPV01 |
| Erwin Ariadharma             | Team Member                         | Sr Public Sector Mgmt. Spec.                  | GGOEA |
| Evarist F. Baimu             | Team Member                         | Senior Counsel                                | LEGES |
| Fajar Argo Djati             | Social Safeguards Specialist        | Social Safeguards                             | GSUID |
| Gerda M. Gulo                | Team Member                         | Operations Analyst                            | GSUID |
| Gregorius Kelik Agus Endarso | Team Member                         | Operations Analyst                            | GSUID |
| Hari Purnomo                 | Team Member                         | Senior Public Sector Specialist               | GGOEA |
| Ihsan Haerudin               | Team Member                         | Economist                                     | GGOEA |
| Ina Binari Pranoto           | Environmental Safeguards Specialist | Environmental Safeguards                      | GEN2A |
| Indira Sari                  | Team Member                         | Water & Sanitation                            | GSUID |
| Jakub Jan Kakietek           | Team Member                         | Economist                                     | GHN07 |
| Jana Kunicova                | Team Member                         | Senior Public Sector Specialist               | GGOES |



|                                      |                                     |  |                           |
|--------------------------------------|-------------------------------------|--|---------------------------|
| Juul Pinxten                         | Team Member                         | Research Analyst                         | GSP02                     |
| Kai-Alexander Kaiser                 | Team Member                         | Senior Economist                         | GGOEA                     |
| Kathleen Anne Whimp                  | Team Member                         | Lead Public Sector Management Specialist | GGOEA                     |
| Keshia Eneki Chloe Pieters           | Team Member                         | Communications                           | GSUID                     |
| Krisnan Pitradjaja Isomartana        | Environmental Safeguards Specialist | Environmental Safeguards                 | GEN2A                     |
| Maureen Rina Rustandi                | Team Member                         | Communications                           | GSUID                     |
| Melissa Chew Pei Lyn                 | Team Member                         | Health                                   | GHN02                     |
| Patricia Astiani                     | Team Member                         | Team Assistant                           | GSUID                     |
| Patrick Warren Tigor Sullivan        | Team Member                         | Capacity Development                     | GSUID                     |
| Philip Brynnum Jespersen             | Team Member                         | Senior Social Development Specialist     | GSU07                     |
| Puti Yasmin Chrysanti                | Team Member                         | Senior Health Specialist                 | GHN02                     |
| Rahmi Yetri Kasri                    | Team Member                         | Water & Sanitation                       | GWA02                     |
| Rentanida Renata Purwanty Simatupang | Team Member                         | Governance                               | GSU08                     |
| Ria Nuri Dharmawan                   | Team Member                         | Counsel                                  | LEGES                     |
| Robert William Quiggin               | Team Member                         | Public Financial Management              | GSUID                     |
| Rosfita Roesli                       | Team Member                         | Senior Education Specialist              | GED02                     |
| Sadwanto Purnomo                     | Team Member                         | Social Development Specialist            | GSUID                     |
| Vincent Lampone                      | Team Member                         | ECED                                     | GED02                     |
| Vivianti Rambe                       | Environmental Safeguards Specialist | Environmental Safeguards                 | GEN2A                     |
| Yurdhina Meilissa                    | Team Member                         | Health & Nutrition                       | GSUID                     |
| Yus Medina Pakpahan                  | Team Member                         | Research Analyst                         | GMTP2                     |
| <b>Extended Team</b>                 |                                     |  |                           |
| <b>Name</b>                          | <b>Title</b>                        | <b>Organization</b>                      | <b>Location</b>           |
| Marcia Griffiths                     | President                           | The Mannoff Group, Inc                   | Washington, United States |



INDONESIA  
INVESTING IN NUTRITION AND EARLY YEARS

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## I. STRATEGIC CONTEXT

### A. Country Context

- 1. Indonesia is the world's largest archipelagic state, fourth most populous nation, and tenth-largest economy in purchasing power parity terms.** It is a member of the Association of Southeast Asian Nations group of countries as well as the G-20. Indonesia has a population of more than 261 million, with 300 distinct ethnic groups and over 700 languages and dialects. With a gross national income per capita of about \$3,440 (2015), Indonesia is classified as a lower-middle-income country.
- 2. Indonesia has made significant gains in economic growth and poverty reduction in the past decade.** Relatively strong economic growth (5.5 percent per year since 2000) has been accompanied by a sustained decline in poverty rates: about 31 percent and 6.8 percent of the population lived on \$3.1 a day and \$1.9 a day, respectively, in 2016, down from 82 percent and 48 percent, respectively, in 1998.<sup>1</sup> However, Indonesia's progress on poverty reduction contrasts sharply with its performance in sharing prosperity. Inequality, as measured by the Gini coefficient, increased from 30 points in 2000 to 41 points by 2014, by far the fastest widening in the East Asia and Pacific Region.
- 3. The country's strong growth and sustained investments in human capital—allocating 25 percent of the national budget to health and education—have translated into significant progress in service delivery and human development.** In education, gross enrollment has reached 100 percent, 83 percent, and 32 percent in primary, secondary, and tertiary education, respectively; life expectancy at birth has steadily increased to 69 years in 2015, up from 63 years in 1990; and the under-five mortality rate has declined from 85 per 1,000 live births in 1990 to 26 in 2016.
- 4. However, despite this progress, Indonesia's rates of stunting and malnutrition are at crisis levels, and its child development outcomes are poor.**<sup>2</sup> According to the 2013 National Health Survey (RISKESDAS), 37.2 percent of Indonesian children under 5 years of age were stunted (almost 9 million children), 19.6 percent were underweight, 12.1 percent were wasted (low weight-for-height), and 11.9 percent were either overweight or obese.<sup>3</sup> The national

<sup>1</sup> World Development Indicators, 2017.

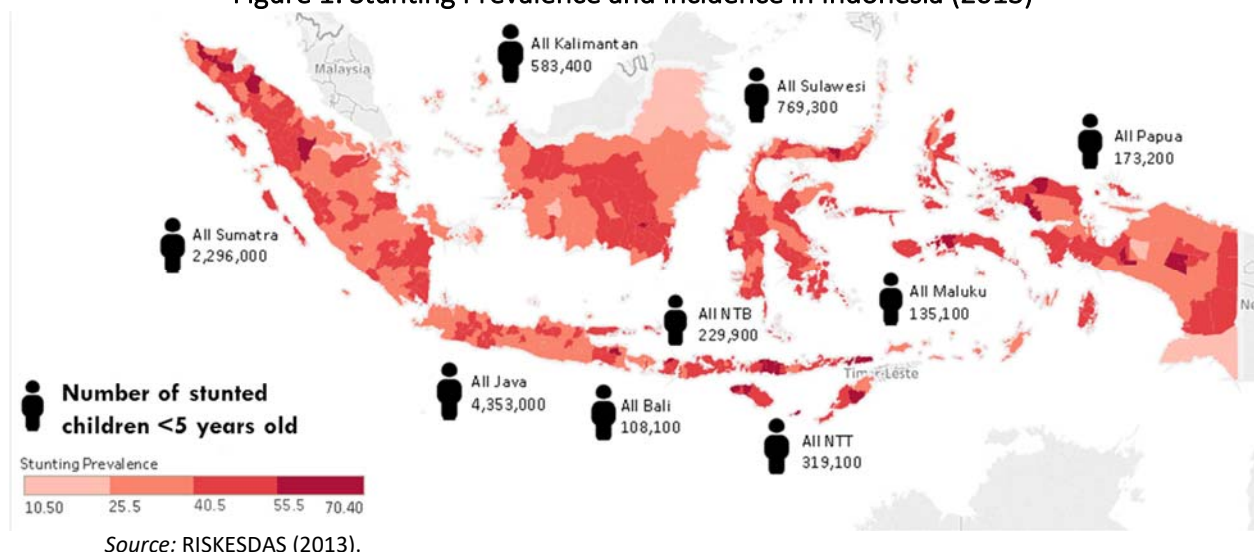
<sup>2</sup> Stunting is the impaired growth and development that children experience from poor nutrition, repeated infection, and inadequate psychosocial stimulation. Children are defined as stunted if their height-for-age is more than two standard deviations below the WHO Child Growth Standards median.

<sup>3</sup> Note that different data sources are being used when referencing Indonesia's nutrition status. The Bank uses the 2013 RISKESDAS, as it is considered the most reliable and methodologically sound source despite some data quality issues. Government may refer to the 2016 Nutrition Status Surveillance data, which show stunting rates at 27.5 percent in 2017. There are, however, concerns about the methodology this surveillance systems uses, particularly its use of non-probability sampling.



prevalence of stunting remained virtually unchanged between 2007 and 2013.<sup>4</sup> Average scores for language and cognitive development among children aged four to five are low, and significantly lower than those for regional peers.

Figure 1: Stunting Prevalence and Incidence in Indonesia (2013)



5. **Stunting in Indonesia affects all regions and all income groups.** The highest rates of stunting are in Eastern Indonesia, although prevalence is far higher in relatively better-developed Java, Bali, and Sumatra because of population density (see Figure 1). Stunting rates are high across all income levels, although the gap between rich and poor has widened over the past decade. In 2013, 49 percent of children under five years of age in the poorest 40 percent of households were stunted, up from 43 percent in 2007.<sup>5</sup>

6. **Addressing the stunting crisis is a key investment in human capital and critical to achieving the country's ambitious twin development goals of accelerating economic growth and reducing poverty.** Childhood stunting and poor early childhood development outcomes have life-long consequences not just for health, but also for human capital and economic growth.<sup>6</sup> The

<sup>4</sup> While more recent data (not comparable to RISKESDAS) indicate some improvements, the national stunting and malnutrition rates remain high, declining slowly at best. The Indonesia Family Life Survey, which is one of the longest-running surveys that includes anthropometric data and is representative of about 83 percent of the population, indicates the following long-term stunting trend: 43 percent in 1993, 46 percent in 1997, 40 percent in 2000, 36 percent in 2007, and 35 percent in 2014. Some recent impact evaluation surveys have shown more significant declines for certain income groups and regions (e.g., the PKH impact evaluation and the Generasi IE long-term impact evaluation). MoH, in collaboration with BPS, will conduct the RISKESDAS in April 2018, with the results expected in August 2018.

<sup>5</sup> World Bank (2017a).

<sup>6</sup> Studies have shown that children who were stunted in 1993 were shorter and demonstrated lower cognitive function as young adults in 2014-15, spent fewer years enrolled in formal education, and had lower adult earnings (Cesar Victoria et al. (2008), "Maternal and Child Undernutrition: Consequences for Adult Health and Human Capital," *Lancet* 371(9609): 340-57) and that Stunting is associated with the probability that young men are not in employment or education/training (World Bank 2015a).

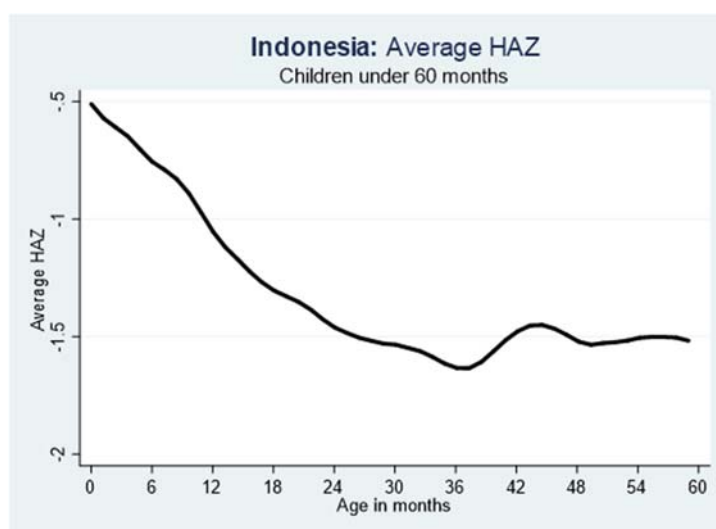




Government of Indonesia (GoI) has great ambition to accelerate its impressive economic growth and development. To achieve this will require significant investments in human capital investments, particularly in today's children who are the labor force of tomorrow.<sup>7</sup>

7. **Stunting, with its associated impacts on child cognitive and physical development, occurs in the first 1,000 days of life and is largely irreversible.**<sup>8</sup> Figure 2 shows that height-for-Age Z (HAZ) scores for children in Indonesia decrease rapidly in the first 24 months of life and bottom out at around 36 months. This confirms global research on the need to focus on interventions that target the first 1,000 days—from conception to 24 months—as it is during this period that nutrition interventions have the highest returns.<sup>9</sup> Poor maternal nutrition, indicated by low birth weight, is a strong predictor of stunting, and analysis of growth faltering in Indonesia shows that about 20 percent of children are considered stunted at birth. There is relatively little variation in growth faltering across regions, gender, and birth order. However, it is worse in rural areas, among the bottom 20 percent (income), and among less educated women.

Figure 2: Growth Faltering in Indonesia  
(children 0-60 months)



Source: World Bank staff calculations based on 2013 RISKESDAS.

8. **Stunting and malnutrition in Indonesia have significant gender dimensions.** Maternal health status is a critical determinant of stunting.<sup>10</sup> Women's social and economic status is also important including women's level of education, influence over household decision-making over resources (including income and food) and participation.<sup>11</sup> Indonesia's high levels of early

<sup>7</sup> Indonesia has one of the highest benefit-cost ratios for investments in stunting reduction; it is estimated that every dollar spent generates \$48 in economic return. See Hoddinott, J., Alderman, H., Behrman, J. R., Haddad, L. and Horton, S. (2013), The Economic Rationale for Investing in Stunting Reduction. *Maternal Child Nutrition* 9: 69–82.

<sup>8</sup> Growth faltering is the rapid decline in height- and weight-for-age of children in the first two years of life and is common in many developing countries.

<sup>9</sup> Growth faltering was first documented in a study by Shrimpton et al. (2001) and, to a large extent, it is in response to these findings that several global health policy and information campaigns emphasizing the first 1,000-days window have been initiated (Rentice et al. 2013).

<sup>10</sup> UNICEF Indonesia (2012), *Maternal and Child Nutrition*, Issue Brief.

<sup>11</sup> The UNICEF Conceptual Framework on Undernutrition, originally designed in 1990, identifies basic, underlying and immediate causes of malnutrition. The basic causes address systemic challenges including social, cultural, economic and political that contribute to an unequal distribution of resources.



marriage and adolescent pregnancy also contribute to inequalities that affect birth weight, nutrition, and stunting.<sup>12</sup> Similarly, a large double burden on women to combine outside work with childcare responsibilities affects early childhood stimulation, again promoting stunting.<sup>13</sup> It is therefore critical to address maternal health and early childcare practices, as well as promoting shared responsibility between men and women (see Gender Analysis below).

9. **Climate change poses an additional threat to food and nutrition security in Indonesia, particularly for children.**<sup>14</sup> The Intergovernmental Panel on Climate Change predicted several climate-induced health impacts with “high confidence,” chief among which was a rise in malnutrition levels.<sup>15</sup> Indonesia is highly vulnerable to climate change, and the impacts are expected to increase the population at risk of malnutrition through multiple channels such as more frequent crop failures,<sup>16</sup> diarrheal episodes due to inundated or unsanitary environments, contaminated water sources, and premature infant weaning in households facing climate-induced livelihood shocks.<sup>17</sup> Without considerable efforts to improve climate resilience, it is estimated that the global risk of hunger and child malnutrition from climate change could increase by up to 20 percent by 2050.<sup>18</sup> While a specific estimate for Indonesia is not available, the Government has recognized climate-linked malnutrition as an emerging health issue requiring more analysis and actions.<sup>19</sup>

## B. Multisectoral and Institutional Context

10. **Since 2001 there has been a significant increase in the transfer of fiscal resources from Indonesia’s central Government to districts.** Indonesia’s “big bang” decentralization reforms in 2001 shifted responsibility for providing most public services, including health and nutrition services, to districts. The proportion of government spending that takes place at the subnational level increased from 26 percent in 2001 to 43 percent in 2015. Spending through line ministries (i.e., net of subsidies and interest) is roughly equivalent to that of subnational governments. Districts mostly finance relevant nutrition-specific and nutrition-sensitive interventions from sector-based conditional transfers (DAK). As Table 1 below shows, there are 12 capital (*fisik*) and operational (*non-fisik*) sector DAKs that help finance nutrition interventions in the health, water, sanitation, education, and civil registration sectors. These transfers are not wholly focused on

<sup>12</sup> UNICEF (2016), “Child Marriage in Indonesia: Progress on Pause.”

<sup>13</sup> Masoud Vaezghasemi (2017), *Nutrition Transition and the Double Burden of Malnutrition in Indonesia*, Umea University.

<sup>14</sup> Dewan Ketahanan Pangan, Kementerian Pertanian, and World Food Programme (WFP) (2015), “Food Security and Vulnerability Atlas of Indonesia 2015”; UNICEF (2011), “Children and Climate Change: The impacts of climate change on nutrition and migration affecting children in Indonesia.”

<sup>15</sup> Confalonieri U. et al., Human Health in Climate Change 2007: Impacts, Adaptation and Vulnerability, Contribution of the Working Group II to the Fourth Assessment Report of the IPCC, 2007: 393.

<sup>16</sup> Dewan Ketahanan Pangan, Kementerian Pertanian, and World Food Programme (WFP) (2015), op. cit.

<sup>17</sup> UNICEF (2011), op. cit.

<sup>18</sup> WFP 2016. “Two Minutes on Climate Change and Hunger: A Zero Hunger World Needs Climate Resilience.”

<sup>19</sup> Government of Indonesia (2016), Submission to the Subsidiary Body for Scientific and Technological Advice of the UNFCCC on recent work on climate impacts on human health.



nutrition intervention; indeed, they are further divided into around 50 subsectors, and only a relatively modest proportion of these funds is directed toward nutrition interventions.

**11. Over the past decade the central government launched a suite of national sector programs focused on maternal and child health, water and sanitation, early learning and development, and social protection.**

On the supply side, the main programs include the National Health Insurance (JKN) scheme, the National Insurance for Maternal and Delivery Services (Jampersal) Program, and the Community-based Health and Nutrition Program in the health sector; the National Rural Water and Sanitation Project (PAMSIMAS), the Community-based Total Sanitation Program, and the Water and Sanitation Hibah Program in the WASH sector; and the National Early Childhood Education and

Development Program in the education sector. On the demand side, the Government's conditional cash transfer program, the Program Keluarga Harapan (PKH), has been scaled up to support 10 million households, with consumption support conditioned on their utilization of health and education services, and the Generasi program has used a community-based conditional cash transfer to increase access to basic health and education services.

**Table 1: DAKs Financing for Nutrition Interventions**

| <i>Sector</i>      | <i>DAK</i>                 |
|--------------------|----------------------------|
| Health             | DAK Penugusan (Capital)    |
|                    | DAK Regular (Capital)      |
|                    | DAK Afirmasi (Capital)     |
|                    | DAK Non-fisik (Operations) |
| Water              | DAK Penugusan (Capital)    |
|                    | DAK Regular (Capital)      |
|                    | DAK Afirmasi (Capital)     |
| Sanitation         | DAK Penugusan              |
|                    | DAK Regular (Capital)      |
|                    | DAK                        |
| Education          | DAK Non-fisik (Operations) |
| Birth Registration | DAK Non-fisik (Admindak)   |

**12. More recently, the Government massively expanded fiscal transfers directly to Indonesia's 74,954 villages.** Under Law 6/2014 on Villages, fiscal transfers to villages are substantially increased compared with previous years. Transfers to villages are financed partly from the Central Government budget through an envelope equivalent to 10 percent of transfers to regions (*Dana Desa*) and partly by districts, which are required to pass on 10 percent of their untied revenue sources (*Alokasi Dana Desa*). On average, villages now receive about Rp. 1.4 billion (\$110,000) each per year, 70 percent of which they are required to spend on village development and community empowerment. Many nutrition interventions are village-scale in nature (e.g., village health posts or *posyandu*, water, sanitation, ECED), so there is significant scope for villages to use these resources to overcome "last mile" supply-side challenges as well as to address demand-side constraints.

**13. Indonesia's spending on nutrition-specific and nutrition-sensitive interventions across the three levels of government is significant: in 2017, for example, the government spent approximately Rp. 51.9 trillion (\$3.9 billion).** This is broadly comparable, on a per capita basis, to the expenditure of other low-middle-income countries. As Table 2 shows, Indonesia spends approximately Rp. 24 billion (\$1.8 billion) at the central level, mainly for two large nutrition-sensitive interventions at the Ministry of Social Affairs: the PKH conditional cash transfer program



and the BPNT food assistance program. The Expenditure Framework estimated that districts spend about Rp. 17 billion (\$1.3 billion) on nutrition interventions in total. Village spending on nutrition interventions is low: the Village Expenditure Review concluded that villages spend about 5 percent of their budget on relevant health and education interventions, and about another 5 percent on relevant WASH sector interventions.<sup>20</sup>

Table 2: Central, District, and Village Nutrition-related Spending (2017, Rp trillion)

| Spending category   | Level of government |               |               | Total         | Total (\$ b) |
|---------------------|---------------------|---------------|---------------|---------------|--------------|
|                     | Central             | District      | Village       |               |              |
| Nutrition-specific  | 4.007               | 3.624         | 3.120         | 10.751        | 808          |
| Nutrition-sensitive | 20.095              | 13.792        | 7.280         | 41.167        | 3.095        |
| <b>Total</b>        | <b>24.102</b>       | <b>17.416</b> | <b>10.400</b> | <b>51.918</b> | <b>3.903</b> |

14. **Although these reforms and resources have helped increase access to basic services, there are still large nationwide gaps in the provision of the basic nutrition and early learning services that are critical to addressing the stunting crisis.** For example, access to water among households with children aged 0-2 years has increased from 58 percent in 2008 to 74 percent in 2016, access to sanitation from 57 percent to 68 percent, and enrollment in JKN from 20 percent to 40 percent. Access to birth certificates, which facilitates access to other basic nutrition services, has increased significantly and now stands at 83 percent for children under two (2017). There are, however, critical interventions for which access remains low. As Table 3 shows, only 65 of children complete the basic package of immunizations in their first year, and only 36 percent complete those due in their first and second year. Iron supplementation and deworming are also low at 33 and 26 percent, respectively. Participation in community growth promotion activities is high in the first six months (77 percent); however, exclusive breastfeeding remains low at 60 percent and only 33 percent of children aged 6-24 months are fed a minimum acceptable diet. Access to ECED services is also low, at around 8 and 46 percent for children aged 0-2- and 3-6-years, respectively.

Table 3: Nutrition-specific and Nutrition-sensitive Services – National

| Nutrition-specific and Nutrition-sensitive Interventions        | %    | Data source    |
|---|------|----------------|
| <i>Maternal and child health indicators:</i>                    |      |                |
| Prenatal care visit (at least four)                             | 77.4 | SIRKESNAS 2016 |
| Took 90+ iron tablets during pregnancy                          | 32.7 | SIRKESNAS 2016 |
| Children receiving Vitamin A supplements in previous 6 months   | 75.5 | SIRKESNAS 2016 |
| Vaccination - basic immunization (children 0-1 year old)        | 65.2 | IDHS 2017      |
| Vaccination - complete immunization (children 0-2 years old)    | 35.6 | SUSENAS 2017   |
| Deworming tablet in the last 12 months (children 1-4 years old) | 26.0 | IDHS 2012      |
| <i>Nutrition, hygiene, and stimulation counselling</i>          |      |                |
| Community growth promotion <sup>a</sup>                         | 77.0 | SIRKESNAS 2016 |
| Initiation of breastfeeding within 1 hr after birth             | 11.2 | SIRKESNAS 2016 |
| Exclusive breastfeeding (under 6 months)                        | 60.2 | SUSENAS 2017   |

<sup>20</sup> World Bank (2017), Village Expenditure Review (ViPER).



| <i>Nutrition-specific and Nutrition-sensitive Interventions</i>          | <i>%</i> | <i>Data source</i> |
|--|----------|--------------------|
| % infants aged 6-23 months fed a minimum acceptable diet                 | 32.5     | SUSENAS 2017       |
| <i>Water and sanitation</i>  |          |                    |
| Access to improved drinking water (children 0-2 years old)               | 74.2     | SUSENAS 2017       |
| Access to improved sanitation (children 0-2 years old)                   | 68.0     | SUSENAS 2017       |
| ODF (Open-defecation-free)   | 70.9     | KEMENKES 2013      |
| <i>Early learning and development</i>                                    |          |                    |
| Access to ECED (children 0-2 years old)                                  | 8.4      | SUSENAS 2017       |
| Access to ECED (children 3-6 years old) <sup>b</sup>                     | 46.0     | SUSENAS 2017       |
| <i>Social protection</i>   |          |                    |
| Birth certificate (children 0-2 years old)                               | 83.1     | SUSENAS 2017       |
| % of PKH mother groups that receive Family Dev. Sessions                 | 6.9      | KEMENSOS 2017      |
| % of PKH beneficiaries whose NIK <sup>c</sup> numbers have been verified | 73.5     | KEMENSOS 2017      |

<sup>a</sup> Children who were weighed in Posyandu at least 4 times in the last 6 months.

<sup>b</sup> ECED enrolments rates are higher at 70.1 % (KEMENDIKBUD 2015) are higher than attendance.

<sup>c</sup> National Identity Number.

**15. Furthermore, the convergence of priority nutrition-specific and nutrition-sensitive interventions on households with pregnant mothers and children under two is low.** There is growing global and local evidence that a “convergence” approach—in which multisectoral interventions are coordinated to jointly target priority geographic areas and beneficiaries—is critical to accelerating improvements in health and child development outcomes and can help address stunting.<sup>21</sup> Such an approach has been applied in Peru, Brazil, and Bangladesh.<sup>22</sup> In Peru, for example, child stunting rates fell by almost half in less than a decade (2008-2016), partly because of major multisectoral nutrition efforts focused on convergence.<sup>23</sup> A recent World Bank study done jointly with Indonesia’s Ministry of Health also concluded that the multisectoral convergence approach is critical to addressing stunting and malnutrition in Indonesia.<sup>24</sup> The study found an upward shift in the growth faltering curve in the first 24 months of age depending on children’s access to none, one, two, and three or four drivers of nutrition.<sup>25</sup> However, most mothers and children lack simultaneous access to priority nutrition interventions in Indonesia. Table 4 shows the access of children under two to eight individual indicators associated with nutrition-specific and nutrition-sensitive interventions from six sectors—health, nutrition, WASH,

<sup>21</sup> Levinson, FJ., and Y. Balarajan (2013), *Addressing Malnutrition Multisectorally: What Have We Learned from Recent International Experience*, UNICEF Nutrition Working Paper, UNICEF and MDG Achievement Fund, New York.

<sup>22</sup> Levinson, FJ. and Y. Balarajan (2013); Gillespie, Stuart; Judith Hodge, Sivan Yosef and Rajul Pandya-Lorch (eds) (2016), *Nourishing Millions: Stories of Change in Nutrition*, International Food Policy Research Institute; Huicho, L, ER Segura, CA Huayanay-Espinoza, JN de Guzman, Y Tam, AJ Barros, and CG Victoria (2016) ‘Child Health and Nutrition in Peru within an Antipoverty Political Agenda: A Countdown 2015 Country Case Study’ *Lancet Glob Health* 4(6): 414-26; Huicho, L, ER Segura, CA Huayanay-Espinoza, JN de Guzman, Y Tam, AJ Barros, and CG Victoria (2017) ‘Factors Behind the Success Story of Under-Five Stunting in Peru: A District Ecological Multilevel Analysis’, *BMC Pediatrics*, 17:29.

<sup>23</sup> Huicho et al. (2016).

<sup>24</sup> World Bank / Ministry of Health (2017) *Operationalizing a Multisectoral Approach for the Reduction of Stunting in Indonesia*.

<sup>25</sup> According to the UNICEF Conceptual Framework on Malnutrition developed in 1990, the four underlying determinants of malnutrition or drivers of nutrition in developing countries are food security, environment, health, and childcare practices.



education, social protection and food—as well as simultaneous access to these services. Access to any four services—which mostly includes those with birth certificates, access to drinking water and sanitation, and exclusive breastfeeding—is only 28 percent. Meanwhile, those who have access to all eight services is extremely low at less than 0.1 percent.

Table 4: Individual and Simultaneous Access to Nutrition Services (children under two, 2017)

| Sector            | Indicator                    | % Access | Convergence         | % Access |
|-------------------|------------------------------|----------|---------------------|----------|
| Health            | Basic immunization           | 35.6     | Access to any one   | 4.3      |
| Nutrition         | Exclusive breastfeeding      | 60.2     | Access to any two   | 12.4     |
|                   | Dietary diversity            | 32.5     | Access to any three | 25.4     |
| WASH              | Drinking water               | 74.2     | Access to any four  | 28.7     |
|                   | Sanitation                   | 68.0     | Access to any five  | 18.8     |
| Education         | Early childhood education    | 8.4      | Access to any six   | 8.5      |
| Agriculture       | Food insecurity access score | 11.9     | Access to any seven | 1.2      |
| Social Protection | Birth certificate            | 83.1     | Access to all eight | <0.1     |

Source: World Bank staff calculations based on SUSENAS 2017.

**16. The convergence of nutrition interventions on 24 million households with pregnant mothers and children under two dispersed across 6,000 islands requires actions at the central, district, and village levels.** The primary responsibility for the delivery of most nutrition interventions lies with Indonesia’s mayors and its 514 districts, each with a population ranging from 200,000 to over one million. The central Government retains an important role, however, including in the provision of select inputs (e.g., vaccines) as well as capacity development and oversight. Indonesia’s 75,000 villages, the average population of which is 2,500, also play an important role in frontline service delivery. Convergence in this context therefore requires that the central Government prioritize select geographic regions, particularly for additional capacity-building support; that districts identify and prioritize subdistricts and subregions with low levels of public service delivery; and that villages and citizens themselves identify and converge priority interventions at the front line in coordination with subdistrict service providers.

**17. The implementation of a convergence approach In Indonesia requires fixing management and accountability problems that have plagued service delivery for the past two decades to ensure better value for money from spending on stunting reduction.** At all levels, management problems relate to diagnostic and planning capacity, fragmented financing arrangements, lack of cross-sector coordination arrangements, fragmented or ineffective data systems, and weak accountability and transparency. The combined impact of these challenges constrains the improved delivery of nutrition interventions. The following key management problems were identified and analyzed in the Technical Assessment.

- (a) **Financial fragmentation.** District and village-level nutrition interventions are financed from 12 sector-based DAK (and multiple deconcentrated sources within line ministry budgets). For example, in 2018 there are six different transfers for water and sanitation infrastructure alone. Fragmentation that extends even to sectors leads to a high degree





of program verticalization and generates strong disincentives for national coordination as well as for local planning and delivery. Fragmentation is exacerbated by late finalization of special (conditional) fiscal transfers and their corresponding implementing guidelines, which delays program implementation and prevents local governments from properly integrating these transfers into their mainstream planning processes.

- (b) **Significant resource misallocation.** Analysis conducted during preparation found that the allocation of resources across districts does not correspond to local needs. For example, the per capita amount of DAK for water and DAK for sanitation is not correlated with district levels of household access to these services. Districts receiving the highest per capita DAK are more likely to be those with high coverage already, and districts with low sanitation access are *less* likely to receive DAK than those with high access. Villages are often not provided with sufficient guidance on how they can use their fiscal resources for nutrition interventions, particularly in the health, education, and agriculture sectors.
- (c) **Weak performance orientation of central planning and budgeting and of fiscal transfers.** A number of problems undermine the use of the budget process for convergence programming: rigidity in spending units, entitlement budgeting with little emphasis on performance assessment, poor output specification, lack of multilateral budget consultations, poor internal communication and siloing within ministries and Director General (DG) offices, and an extended budget preparation timeline (which inhibits the use of recent performance information to inform the allocation of resources). The fiscal transfer system also has a weak performance orientation, focused more on compliance and absorption of budget than on results. The heavy emphasis on accounting for the quantity of spending, and the lack of requirements to report on outcomes, undermines district officials' focus on achieving results. Similarly, there is no performance orientation to the village fiscal transfers.
- (d) **Data on nutrition interventions, like data on service delivery more generally, are of low quality and are poorly utilized for decision-making at all levels.** Central Government data are of low quality and are not collected with sufficient frequency—for example, the Ministry of Health has collected data on stunting every five years. Despite some recent improvements, the Government's planning and expenditure monitoring systems are weak, so that it is extremely difficult to track relevant expenditures on stunting reduction programs in single ministries, let alone across multiple sector line ministries. At the local level, data collection efforts are heavily focused on reporting upwards, and the data are rarely shared locally or used in decision-making. Expenditure information is also poorly consolidated. Villages, for example, record ample information on spending at the village level and report upwards, but the information is aggregated in a way that makes meaningful spending analysis difficult if not impossible.



- (e) **Capacity to diagnosis and solve service delivery problems and target specific beneficiaries—particularly using data—is poorly developed.** Capacity in the central Government is higher, although the systematic use of data remains low. The central Government tends to focus on direct delivery of interventions, often on a micro scale, rather than diagnosing and addressing the systemic problems that prevent nutrition intervention delivery at scale. Guidance to districts on planning and budgeting often runs to hundreds of pages and is incomprehensible. Local capacity is particularly low: districts generally lack the basic skills to identify target beneficiaries, assess service delivery bottlenecks, and systematically improve delivery. As the Technical Assessment documented, village governments in general lack the basic tools and skills to identify target beneficiaries, map their needs as regards malnutrition and stunting, and design and implement appropriate activities.
- (f) **Limited effectiveness of multisectoral coordination mechanisms.** Effective multisectoral coordination between ministries and different levels of government is key to ensuring that services are delivered in a way that promotes convergence. Several coordination mechanisms have been established in attempts to address stunting, including the “National Movement to Accelerate the Reduction in Undernutrition in Indonesia during the First 1,000 Days of Life” (Gerakan 1,000 HPK), but they are not yet effective despite recent improvements. These mechanisms have tended to focus on national-level coordination through meetings and strategies, and adopting overly bureaucratic approaches at the district level. Local Nutrition Action Plans have not been costed or integrated with local budgets.

18. **The Government has also underinvested in public awareness campaigns and behavioral change campaigns.** Like many countries, Indonesia has tended to focus on nutrition-specific and remedial interventions in the health sector. Beyond some donor-supported programs (e.g., the Millennium Challenge Corporation’s (MCC’s) Community-based Health and Nutrition Program), there has been limited investment in integrated behavioral change communication (BCC) programming. And those campaigns the Government has implemented, such as the “Clean and Healthy Lifestyle” campaign, are fragmented and of low quality and low intensity. Moreover, there is a lack of focus on interpersonal communication (IPC) approaches, particularly tailored personal counseling through home visits, which have been proven to be more effective at changing behaviors, especially when combined with other communication channels such as mass media.<sup>26</sup>

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<sup>26</sup> Menon, Punrima et al. Impacts on Breastfeeding Practices of At-Scale Strategies that Combine Intensive Interpersonal Counseling, Mass Media, and Community Mobilization: Results of Cluster-Randomized Program Evaluations in Bangladesh and Viet Nam. *PLoS Medicine*. October 25, 2016.





19. **The Government has also missed opportunities to use national programs in the education and social protection sectors to address important drivers of stunting.** There is scope to use the nationwide network of ECED facilities to delivery nutrition interventions, particularly early stimulation and parenting interventions, to parents and children aged 0-2 years. As noted above, only 8 percent of children aged 0-2 years have been reached through these services, although ECED facilities are now available in almost every village. Similarly, the Government has not seized the opportunity to use the country's main food assistance program to address malnutrition among poor and lower-income households. The nutrition-sensitivity of Rastra/BPNT is low and supports the consumption of items with little micronutrient and protein value. As the Technical Assessment details, the inclusion of eggs on the menu of eligible items is an improvement, but there is scope to add more items, including green vegetables and additional protein-rich or fortified food items.

20. **Finally, there is also significant scope to use well-designed citizen engagement and community empowerment tools to raise awareness of stunting at the village level and significantly increase the amount that villages spend on stunting reduction efforts.** The Generasi program, begun in 2009, has shown how simple citizen engagement tools such as social mapping, community scorecards, and social monitoring can be used to focus villages on nutrition services. Lessons from the Government's Generasi Project and its Long-Term Impact Evaluation suggests that through citizen engagement and social accountability tools villages can revitalize village-level posyandu and expand *Dana Desa* spending on health and education from 5 percent to 20 percent within 2-3 years.

21. **In August 2017, the Vice-President of Indonesia launched the Government's ambitious national strategy to accelerate stunting reduction in the next four years (2018-2021).** The development of the National Strategy to Accelerate Stunting Reduction (NatStrat Stunting) was based on intensive technical assistance and advisory services from the World Bank and built on Indonesian and global lessons, particularly Peru's success at sustained stunting reduction. The strategy was designed to accelerate Indonesia's stunting reduction by addressing key constraints comprehensively and multisectorally. It aims to strengthen the execution and quality of programs across five sectors, and to drive the convergence of national, regional, and community programs. It represents the Government's determination to operationalize the commitment it made when it joined the global Scaling Up Nutrition (SUN) movement in 2011.<sup>27</sup> The NatStrat Stunting commits 22 ministers and an estimated \$3.9 billion per year to converge priority nutrition interventions across health, water and sanitation, early childhood education, social protection, and food security.

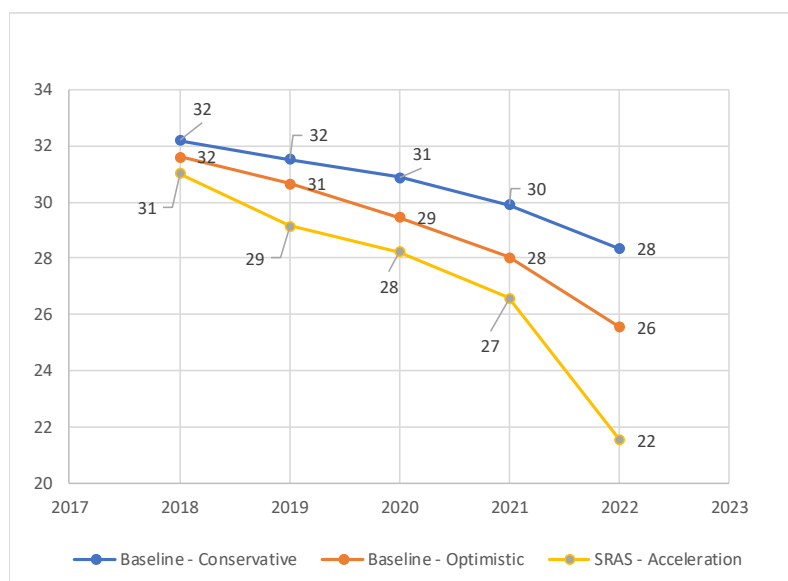
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<sup>27</sup> The movement in Indonesia, known as the "National Movement to Accelerate the Reduction in Undernutrition in Indonesia during the First 1,000 Days of Life" (1.000 HPK), was launched by the previous President in 2013.



22. **Preliminary estimates indicate the NatStrat Stunting could significantly accelerate stunting reduction over the next four years.**<sup>28</sup> Estimates of the number of children that would *not* become stunted as a result of the interventions under various scenarios were calculated, using RISKESDAS 2013 and the historical trend to estimate a baseline stunting rate of 32 percent in 2017 (year 0). The “baseline – conservative” scenario assumes the status quo over the next four years (2018–2022) in terms of intervention delivery coverage combined with conservative impacts. In this scenario, the national stunting rate will decline to 28 percent by 2022 (year 4), a modest 4 percentage point reduction from the 2017 baseline estimate (1 percentage point per year) (see Figure 3). Using the same status quo in terms of intervention coverage but more optimistic impacts on stunting, the “baseline – optimistic” scenario estimates that the national stunting rate will decline to 26 percent by 2022, or by 6 percentage points (1.5 percentage points per year). The NatStrat Stunting acceleration scenario applies assumptions reflecting increased efforts to improve access and the convergence of priority nutrition-specific and nutrition-sensitive interventions. In this scenario the stunting rate is estimated to decline to 22 percent by 2022, a significant 10 percentage point reduction below the 2017 baseline estimate (2.5 percentage points per year).

Figure 3: Stunting Reduction Projections – Three Scenarios (2017–2022)



Note: World Bank staff calculations based on RISKESDAS 2013; methodology adapted from Qureshi et al., 2018.

### C. Relationship to the CAS/CPF and Rationale for Use of Instrument

23. **The proposed Program—Investing in Nutrition and Early Years (INEY)—will directly contribute to Indonesia’s achievement of the World Bank Group’s twin goals of eliminating extreme poverty and increasing shared prosperity.** It will support a large Government program to strengthen investment in nutrition services, which is proven to be directly linked to improved human capital and to adult earning potential and economic growth. INEY is also closely aligned with the current Country Partnership Framework (CPF) for Indonesia (Report No. 99172, Board Date November 3, 2015), which includes a central focus on improved service delivery and

<sup>28</sup> The Government will finalize the targets after it completes the RISKESDAS 2018, the results of which are due in August 2018.



addressing inequities in income and opportunities. INEY will contribute to achieving the following CPF indicators under Engagement Area 4 (EA4): (a) improvements to special fiscal transfers (DAK) reporting and verification systems (EA4 Objective 7: Improved local service delivery); (b) percentage of pregnant women receiving four prenatal care visits (EA4 Objective 9: Improved access to quality education and health-related services); (c) percentage of children under three weighed monthly (EA4 Objective 9); and (d) National Stunting Reduction Coordination mechanism launched and operational and annual anthropometric survey launched (EA4 Objective 9).

**24. Using the Program-for-Results (PforR) instrument will ensure that the proposed operation effectively supports the Government-led multisectoral program by incentivizing the Government to address management problems across sectors and levels of government and to use existing resources more effectively.** Successful implementation of the NatStrat Stunting in a complex institutional environment will require sustained high-level engagement and commitment, and the PforR instrument will provide the incentives for more efficient and coordinated service delivery of the required interventions. This will be done by (a) establishing a management mechanism to regularly set targets, monitor results, and hold implementing agencies accountable for performance; (b) addressing multisectoral and multilevel coordination problems that constrain effective delivery of programs and interventions; (c) prioritizing delivery of core services that are critical to stunting reduction and development in the early years of life; and (d) establishing a system to generate, collect and management regular and reliable data for results-based management of interventions.

**25. The INEY PforR will complement a wide range of existing programs and will have significant synergies with other operations in the Bank's portfolio.** Specifically, interventions under INEY have been designed to complement the Indonesia–Supporting Primary Healthcare Reform Program (I-SPHERE, P164277) on Delivery of Local Services and Infrastructure; the National Rural Water Supply and Sanitation Project (PAMSIMAS, P085375); and the Indonesia Social Assistance Reform Program (PKH, P160665) under EA4. The Bank also has a comprehensive portfolio of Programmatic Analytical and Advisory Services (PASA) Programs that are directly focused on the sectors responsible for nutrition interventions and on the management problems that have plagued local service delivery in Indonesia for the past decade: Multisectoral Nutrition PASA (P163590), ECED Frontline PASA (P156674), Social Assistance Strengthening PASA (P160590), Decentralization that Delivers PASA (P154976), and Village Law PASA (P153219). This portfolio will both inform the implementation of the NatStrat Stunting and increase the policy and technical impact of its activities.

**26. An Investment Project Financing (IPF) component will support the implementation of the PforR Program.** The IPF Component will finance catalytic investments to accelerate improvements in implementation capacity and strengthen intervention delivery systems that lay the foundation for long-term and sustainable reform. Particularly, it will (a) strengthen multisectoral coordination by the Secretariat of the Vice President (SoVP); (b) strengthen the



capacity of Bappenas (National Planning Development Agency) and the Ministry of Finance (MoF) to implement their planning and budgeting functions and enhance the use of results-based approaches; (c) provide technical support to sector line agencies and subnational governments that are responsible for nutrition intervention delivery; and (d) strengthen the systems for monitoring, evaluation, and continuous learning at the TNP2K Secretariat and Bappenas, including promoting innovations and implementation research. The IPF Component is financed by the Global Financing Facility (GFF) multidonor trust fund (see Box 1).

**Box 1: The Global Financing Facility**

The GFF is a broad financing partnership that supports countries in getting on a trajectory to achieve the Sustainable Development Goals by strengthening dialogue among key stakeholders under the government's leadership. More specifically, the GFF objectives are to (a) support the identification of a clear set of priority results that all partners commit resources to achieving; (b) get more results from existing resources and increase the total volume of financing; and (c) strengthen systems to track progress, learn, and cost-correct. The basis for GFF support is the Investment Case, and the Government of Indonesia has decided to use NatStrat Stunting as its Investment Case. The NatStrat Stunting and its implementation framework identify the intended results (stunting reduction acceleration), priority investments (convergence of nutrition-specific and nutrition-sensitive interventions on 1,000-day households), available resources (central, district, and village spending), and monitoring and evaluation arrangements. The consultative and participatory processes in developing the NatStrat Stunting implementation framework promote the coordination and harmonization of stakeholders' support for the Government program.

27. **The proposed operation will also support the Bank's Climate Change Action Plan (2016-2020) and its Gender Equality Strategy (2016-2023), as climate and gender aspects are incorporated into its design.** The Government's adaptation plan includes strengthened provision of basic services in health and education—together with public awareness raising, capacity building, and improved governance—as a key strategy to enhance social and livelihood resilience to climate change. The operation will support implementation of the EAP Regional Gender Action Plan. Specifically, it will support improving maternal health and reducing trade-offs between women's household work and their market roles.

## II. PROGRAM DESCRIPTION

### A. Government Program

28. **The Government's program is anchored in the NatStrat Stunting, which launches a program that commits the President and Vice President, 22 ministers, and an estimated \$14.6 billion over four years to converge 33 priority nutrition interventions on 48 million beneficiaries over 514 districts.** The NatStrat Stunting also establishes high-level commitment, management, and accountability to ensure that supply- and demand-side interventions proven to reduce stunting in Indonesia are effectively converged, delivered, and implemented. The legal basis for program is a Presidential Regulation on accelerating efforts to improve nutrition, issued under

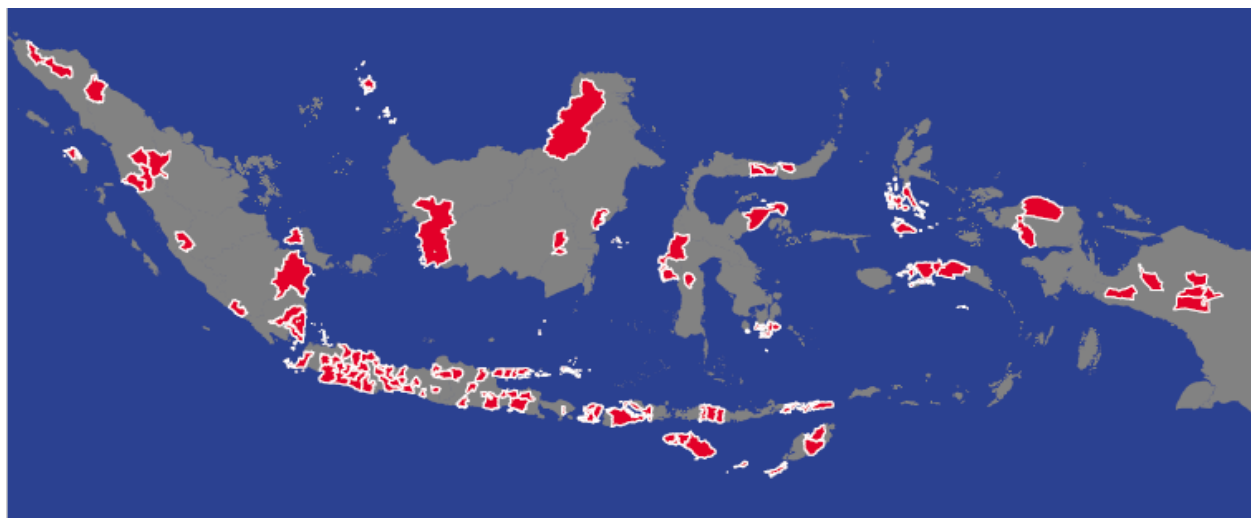


the previous Government in 2013, which the government will revise in 2018 to accommodate the NatStrat Stunting.<sup>29</sup>

29. **The NatStrat Stunting prioritizes pregnant mothers and children aged 0-24 months (“1,000-day households”) and the convergence of 21 nutrition-specific and 12 nutrition-sensitive interventions to ensure that targeted beneficiaries have simultaneous access to a core package of services.** On the supply side, NatStrat Stunting covers programs to strengthen the delivery of health services, early childhood education, water and sanitation, and food assistance. On the demand side, it promotes demand for nutrition and early childhood services through the Government’s conditional cash transfer program (PKH), awareness campaigns, and outreach activities by Human Development Workers (the Technical Assessment details the interventions covered under the NatStrat Stunting).

30. **The NatStrat Stunting targets 100 priority districts with high stunting prevalence and incidence for 2018, and sets out an ambitious plan to scale up to all of Indonesia’s 514 districts and cities by 2021.**<sup>30</sup> In 2018 it includes districts in all 34 provinces and covers 1,891 subdistricts, 21,888 villages, and approximately 3.1 million children (see Figure 4). The Government will scale up NatStrat Stunting to 160 districts and cities in 2019, to 390 in 2020, and to all 514 districts and cities by 2021. In addition to ensuring the quality of all programs under the NatStrat Stunting, both sectoral ministries and local governments will be required to implement and scale up the interventions covered under the NatStrat Stunting in line with the identified priority districts.

Figure 4: First 100 Priority Districts (2018)



Source: NatStrat Stunting Document, SoVP/TNP2K, 2017.

<sup>29</sup> Presidential Regulation 43/2013 on the National Movement to Accelerate Improvement in Nutrition, which the Government plans to revise in 2018.

<sup>30</sup> The priority locations were selected by overlaying data on areas with high stunting prevalence from MoH with data from the MoSA and TNP2K on poverty rates and incidence.



31. **The President and Vice President will drive the execution of five strategic pillars.** The NatStrat Stunting consists of five pillars that aim to raise public awareness of stunting, secure nationwide commitments to stunting reduction, and manage, implement, and converge the delivery of the priority nutrition interventions across three levels of government.

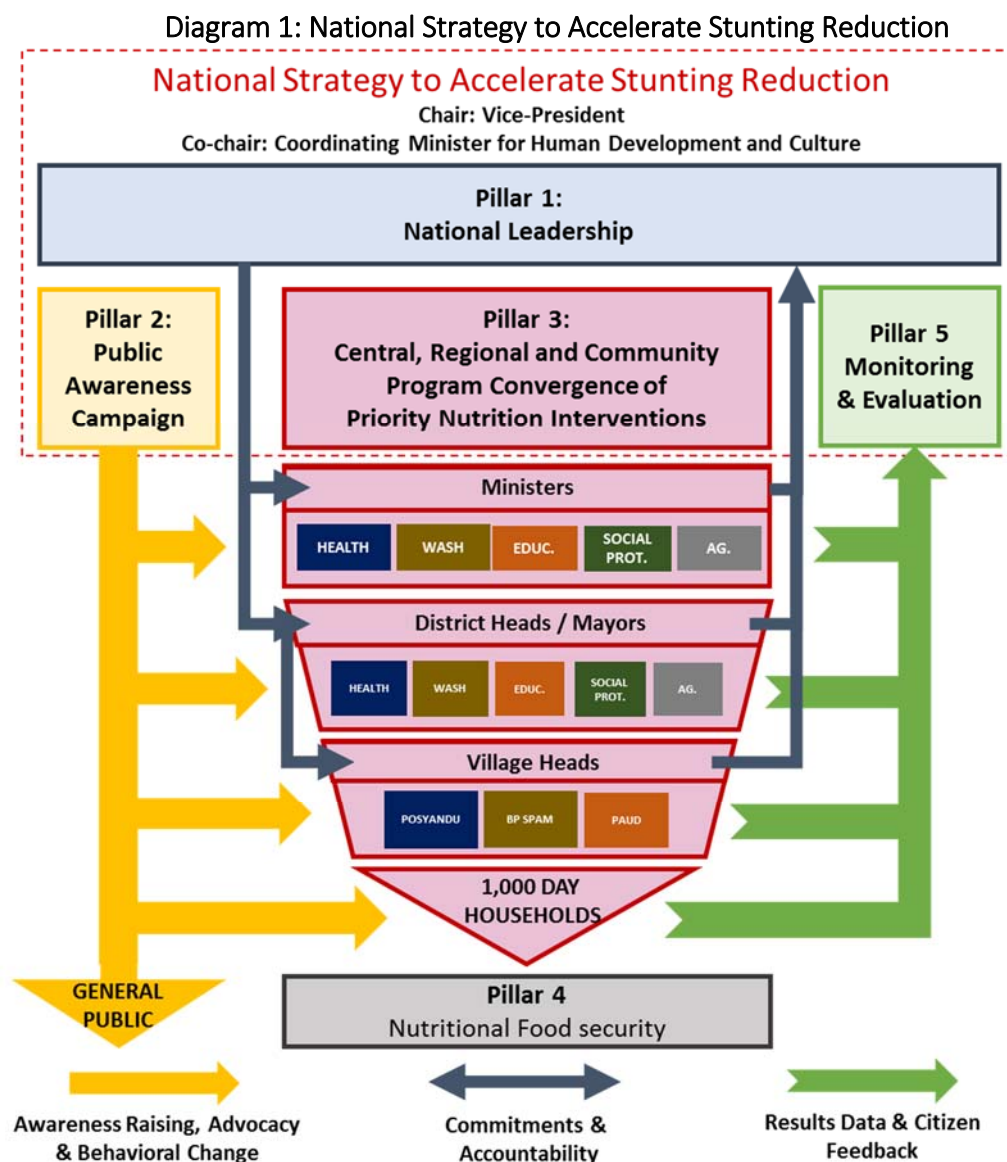
- (a) **Pillar 1: National Leadership and Commitment.** Under this pillar, the President and Vice President will hold limited cabinet meetings; convene national Stunting Summits and encourage subnational leaders to hold local stunting summits to build top-to-bottom leadership; and hold ministers, governors, district heads, and mayors to account for meeting service delivery and stunting reduction targets. The annual Stunting Summits will also recognize districts that successfully reduce stunting, share and promote innovation, and showcase best practices.
- (b) **Pillar 2: National Public Awareness Campaign.** The President and Vice President will lead a sustained public awareness campaign targeting policymakers, regional governments, community leaders, parents, and the general public. The campaign will use a variety of outreach strategies, from mass media to home visits, and will also scale up and strengthen BCC programming.
- (c) **Pillar 3: National, Regional, and Community Program Convergence, Coordination, and Consolidation.** This pillar establishes and strengthens results-based budgeting, inter-governmental fiscal transfers, and social accountability tools to align supply- and demand-side incentives for districts, villages, and households to increase 1,000-day households' access to and utilization of priority nutrition interventions.
- (d) **Pillar 4: Nutritional Food Security.** This pillar focuses on food policy reforms and investments to enable improved access to good-quality and affordable nutritious food. It identifies the following four areas: food policy reforms, food fortification reforms, food contamination reforms, and food market investment policies.
- (e) **Pillar 5: Monitoring and Evaluation.** The President and Vice President will use a dashboard to monitor progress and identify, reward, and sanction the performance of line ministries, provinces, districts, and villages in accelerating stunting reduction. The NatStrat Stunting calls for strengthening national, district, and village data systems on service delivery, intervention targeting, and stunting. These improvements will also allow for faster and more robust learning and feedback loops and will facilitate course corrections during implementation.

32. **Diagram 1 summarizes how the Government will use the pillars to accelerate stunting reduction.** The program consists of three interrelated cycles of political commitments and accountability at all levels (Pillar 1), public awareness raising and citizen feedback (Pillars 2 and





5), and the use of results-based planning, budgeting, and coordination to converge priority intervention delivery across three levels of government (Pillars 3 and 5). It also shows Pillar 4's focus on underlying reforms to improve access to affordable and nutritious food.



33. The NatStrat Stunting will guide implementation of programs and interventions worth of approximately Rp. 194 trillion (\$14.6 billion) over four years as it scales up from 100 districts in 2018 to all 514 districts in 2021. Table 5 details the estimated budget allocations at the central, district, and village levels using 2017 as a baseline.<sup>31</sup>

<sup>31</sup> See the Technical Assessment for more details on the program's Expenditure Framework.



**Table 5: NatStrat Stunting – Estimated Budget for Implementation and Scale-up (2018-21)**

| <i>Level</i>                           | <i>2018</i>   | <i>2019</i>   | <i>2020</i>   | <i>2021</i>   | <i>Total</i>   |
|--|---------------|---------------|---------------|---------------|----------------|
| # districts                            | 100           | 160           | 390           | 514           | <b>514</b>     |
| # villages                             | 21,453        | 31,064        | 67,095        | 74,954        | <b>74,954</b>  |
|  |               |               |               |               |                |
| <b>NatStrat Stunting (Rp. billion)</b> | <b>15,077</b> | <b>25,171</b> | <b>64,617</b> | <b>89,821</b> | <b>194,686</b> |
| Central                                | 4,572         | 7,572         | 19,102        | 26,308        | <b>57,554</b>  |
| District                               | 6,285         | 9,086         | 19,586        | 26,127        | <b>61,085</b>  |
| Village                                | 4,219         | 8,513         | 25,929        | 37,385        | <b>76,047</b>  |
|  |               |               |               |               |                |
| <b>NatStrat Stunting (\$ million)</b>  | <b>1,134</b>  | <b>1,893</b>  | <b>4,858</b>  | <b>6,753</b>  | <b>14,638</b>  |
| Central                                | 344           | 569           | 1,436         | 1,978         | <b>4,327</b>   |
| District                               | 473           | 683           | 1,473         | 1,964         | <b>4,593</b>   |
| Village                                | 317           | 640           | 1,950         | 2,811         | <b>5,718</b>   |

**34. With the support of the World Bank, the Government has identified several policy innovations and instruments to drive convergence of priority interventions across sectors and levels of government in the priority districts.** The PforR will incentivize the following reforms and actions to implement these convergence instruments at scale.

- (a) **Programmatic Approach to Fiscal Transfers.** Through a “programmatic approach” to the allocation and management of special fiscal transfers (DAK), Bappenas and the MoF will incentivize districts to align their development plans and budgets with NatStrat Stunting objectives, and will help overcome the fragmentation of district financing for nutrition interventions. The approach will also help plug gaps in the existing sector-based DAK allocations, in terms of both eligible activities that critical to stunting reduction and financing gaps. The programmatic approach is also a mechanism through which the central Government will consolidate support for villages and incentivize districts to put in place enabling regulations and capacity support for villages.
- (b) **Multisectoral Human Development Workers (HDWs).** Building on the lessons from an ongoing pilot (see Box 2), HDWs will be deployed and scaled up to support village governments in identifying, implementing, and monitoring priority nutrition interventions to 1,000-day households. HDWs will apply a results-based approach and work multisectorally to increase and improve the delivery, monitoring, and uptake of key interventions at the frontline across the health, early childhood education, social protection, and water and sanitation sectors. The HDWs will also work with the village head to increase *Dana Desa* spending on nutrition interventions, and they will support Posyandu (village level health posts) to expand from weight-based to height-based growth monitoring and promotion. The Ministry of Health (MoH) and the Ministry of Villages, Disadvantaged Areas and Transmigration (MoV) are the agencies that are primarily responsible for this instrument.





**Box 2: Human Development Workers – Convergence Agents at the Frontline**

**The Human Development Worker (HDW) Pilot**, a central part of the implementation mechanism of the Government's stunting program, began implementation in January 2018. It will contract 3,105 HDWs to target, deliver, and monitor interventions to address stunting in 31 districts (part of the first 100 priority districts of the Government's NatStrat Stunting), 3,105 villages, and 7,500 health posts. Through the INEY PforR, the program will be scaled up to all of Indonesia's 514 districts starting in 2019.

**Objectives.** The objective of the pilot is to establish HDWs to improve human capital in Indonesia and reduce stunting in the country's 31 districts with the highest stunting prevalence.

**Design.** The pilots apply an innovative design, building on Indonesian experiences and lessons from Peru and Rwanda. The design establishes a community-based HDW model to increase and improve delivery, monitoring, and uptake of key interventions across the health, ECED, social protection, food security, and water and sanitation sectors.

**On the supply side**, the HDWs identify service gaps, establish targets for service providers in addressing the gaps, and monitor results and the implementation of key human development interventions at the facility and household levels. **On the demand side**, they work with PKH to ensure that vulnerable households are provided the incentives to utilize key nutrition and early childhood education services. They use community-based approaches—including social mapping, outreach initiatives, food vouchers, and other in-kind incentives—to monitor and increase demand as appropriate to local social and cultural context. The HDWs are also introducing an innovative new length mat as tool for raising public awareness of stunting and transitioning community-based growth promotion activities to focus on height rather than only weight.

The HDWs' terms of reference are centered around three key performance areas:

- **Diagnose.** Using community and household mapping, the HDWs identify risks, human capital gaps, and service availability for families and children in the village. They then develop targets and checklists to fill gaps and service needs, working closely with facilities and existing programs. This includes for marginalized and vulnerable groups as well as traditional and indigenous communities.
- **Treat.** Based on the diagnosis, HDWs prioritize interventions and deliver and monitor a package of key services to address malnutrition and promote early childhood development in the village. Households with children who are, or are at risk to become, stunted are targeted for additional intervention, including home visits and monitored growth promotion. The HDWs also work with the village leadership to ensure that village plans and budgets prioritize human development services.
- **Monitor and adjust.** The HDWs use household- and village-level checklists and scorecards to continuously monitor performance and results. They use regular growth monitoring (height and weight) to track progress. A quarterly village convergence forum will feed baseline and service delivery monitoring data to district service providers, review the implementation and impacts of village-financed nutrition activities, and seek feedback from beneficiaries.

**Financing and implementation arrangements.** The pilot is overseen by the Vice President's Office and implemented by the MoV in coordination with the MoH, the MoF, and Bappenas.

- (c) **Data Innovations for Evidence-based Program Management, Accountability, and Learning.** Learning from the example of Peru, the Government will for the first time publish district-level stunting rates annually. In response to the findings and recommendations of the PforR Technical Assessment, the Government will add a mini-



anthropometric module to its semiannual socioeconomic survey (SUSENAS) and commit to publishing the results by the end of July each year. It will also expand measures for key nutrition-specific and nutrition-sensitive interventions. This will ensure that stunting remains salient during the national and district budget preparation period (August-October), increase districts' accountability for stunting reduction, and significantly shorten the program's learning cycle.

- (d) **Citizen Engagement and Community Empowerment Tools.** Drawing on the lessons of the Generasi Project (P132585) and the Citizen Voice and Action Project (P147834) as well as experiences from Peru, Cambodia, and Guatemala, the NatStrat Stunting includes a strong focus on citizen engagement and community empowerment. The PforR will provide the incentives to roll out such innovative tools as the Village Convergence Scorecard to track frontline delivery of the priority interventions (see Box 3), Stunting Length Mats to empower communities and parents to monitor and visualize linear growth, and social mapping.

**Box 3: Village Convergence Scorecard—Empowering Citizens to Monitor and Drive Convergence**

In 2018 the Government is piloting a Village Convergence Scorecard that focuses on key nutrition interventions in the health and nutrition, WASH, social protection, and ECED sectors. The current 14 indicators are listed below.

| Village Convergence Scorecard—2018 Pilot Indicators |   |
|---|---|
| Package   | Indicator   |
| Health  | 1. Four prenatal care visits for pregnant women                         |
|   | 2. Iron folic acid supplementation during pregnancy                     |
|   | 3. Monthly community growth monitoring and promotion (including height) |
|   | 4. Six-monthly height monitoring by health official                     |
|   | 5. Three postnatal care visits (babies 0-2 months old)                  |
|   | 6. Complete childhood immunizations                                     |
| Nutrition   | 7. Nutrition counseling attendance (including men's participation)      |
|   | 8. Integrated interpersonal counselling session through home visits     |
| WASH  | 9. Access to and use of clean water facilities                          |
|   | 10. Access to and use of sanitation facilities                          |
| Social Protection                                   | 11. Birth certificate for children aged 0-2 years                       |
|   | 12. Household health insurance card (JKN, BPJS, or local equivalent)    |
| ECED  | 13. ECED parenting class (parents with children aged 0-2 years)         |
|   | 14. ECED attendance (3-6 years)   |

## B. PforR Program Scope

**35. The PforR Program will complement the Bank's existing portfolio of operations and advisory services.** Specifically, the INEY PforR will focus on the following:

- (a) Addressing the management and system problems that undermine program convergence



- at each level of intervention delivery (central, district, and village);
- (b) Plugging critical gaps in the Government's mix of sector programming; and
- (c) Strengthening citizen engagement in the frontline delivery and oversight of nutrition interventions.

36. Table 6 details the actions and reforms that the INEY PforR will support, and shows how it complements the Bank's existing portfolio.

**Table 6: World Bank Portfolio Support for the Presidential NatStrat Stunting**

| <i>Pillar</i>   | <i>Component</i>                                | <i>INEY PforR</i> | <i>Notes</i>                         |
|---|---|-------------------|--------------------------------------|
| <b>Pillar 1: National Leadership</b>                                  | National stunting summits                       | ✓                 | See RA 1 (DLI 1)                     |
|   | District stunting summits                       | ✓                 | See RA 1 & 3 (DLIs 1 & 7)            |
|   | Village stunting forums                         | ✓                 |                                      |
| <b>Pillar 2: National Public Awareness</b>                            | National media campaign                         | ✓                 | IPF Component (Subcomponent 1A)*     |
|   | National policy advocacy                        | ✓                 | IPF Component (Subcomponent 1A)*     |
|   | Behavioral Change Campaign                      | ✓                 | See RA 2 (DLI 6)                     |
| <b>Pillar 3: Central, Regional, and Community Program Convergence</b> | Results-based planning and budgeting systems    | ✓                 | See RA 1 (DLI 2)                     |
|   | Results-based fiscal transfers (DAK)            | ✓                 | See RA 3 (DLI 7)                     |
|   | Human Development Workers (HDWs)                | ✓                 | See RA 4 (DLIs 9 & 10)               |
|   | HEALTH sector intervention delivery (primary)   | ✗                 | Support via I-SPHERE PforR (P164277) |
|   | HEALTH sector intervention delivery (nutrition) | ✓                 | See RA 3 (DLI 8) & RA 4 (DLI 10)     |
|   | WASH sector intervention delivery (infras.)     | ✗                 | Support via PAMSIMAS IPF (P085375)   |
|   | WASH sector intervention delivery (behavior)    | ✓                 | See RA 2 (DLI 6)                     |
|   | EDUC sector intervention delivery               | ✓                 | See RA 2 (DLI 4)                     |
|   | SP sector interventions (PKH Program)           | ✗                 | Support via SARP PforR (P160665)     |
|   | SP sector interventions (Rastra/BPNT Program)   | ✓                 | See RA 2 (DLI 5)                     |
|   | AG sector interventions                         | ✗                 | Support via new operation (scoping)  |
| <b>Pillar 4: Nutritional Food Security</b>                            | Food policy reforms                             | ✗                 | Support via Agro-Food PASA (P165966) |
|   | Food fortification reforms                      | ✓                 | IPF Component (Sub-component 1A)*    |
|   | Food contamination reforms                      | ✗                 | Support via Agro-Food PASA (P165966) |
|   | Food market infrastructure investment           | ✗                 | Support via Agro-Food PASA (P165966) |
| <b>Pillar 5: Monitoring &amp; Evaluation</b>                          | Presidential dashboard                          | ✓                 | Via DLIs 2, 3, 8, 9 and 10           |
|   | Stunting measurement                            | ✓                 | See RA 1 (DLI 3)                     |
|   | Ministerial monitoring systems                  | ✓                 | See RA 1 (DLI 2)                     |
|   | District monitoring systems                     | ✓                 | See RA 3 (DLI 7 & 8)                 |
|   | Village monitoring systems                      | ✓                 | See RA 4 (DLI 9)                     |
|   | 1,000-day convergence monitoring                | ✓                 | See RA 4 (DLI 10)                    |

\* The Bank will also provide additional technical and advisory support through the Nutrition PASA (P163590).

37. **Management Problems.** The INEY PforR will address the key constraints related to financial fragmentation, resource misallocation and weak performance orientation, low quality and utilization of service delivery data, ineffective multisectoral coordination, and lack of accountability. A key aim of the INEY PforR is to support the government in establishing an enabling environment in which districts and villages are motivated to understand the local drivers of stunting, identifying the villages where stunting risk is highest, and developing localized



programs that address behavior change issues. By incentivizing districts to monitor stunting and intervention coverage more regularly and accurately, adjust budgeting to align with what is working, and create the conditions for villages to do their part, the program will stimulate more active involvement of district leaders and officials in solving the persistent service delivery challenges that contribute to stunting. At the village level, in addition to supporting delivery interventions, active monitoring at the level of households will inform both targeting of services (including behavior change) and monitoring of meaningful improvement over time.

**38. Sector Programming Gaps.** The INEY PforR will plug three gaps in the Government's sector programs: the lack of ECED services for 1,000-day households, the low nutrition benefits of the Government's flagship food assistance program (Rastra/BPNT), and the modest scale and intensity of the Government's BCC programs. As Table 6 showed, this will complement three existing World Bank-funded operations that support improved supply-side readiness for health, water, and sanitation services and demand-side interventions through the conditional cash transfer program.<sup>32</sup> Box 4 summarizes how the scale-up of the NatStrat Stunting over four years will inform the expansion, implementation, and resourcing of the three complementary sectoral programs.

**Box 4: Aligning Sector Programs with the NatStrat Stunting**

- **The National Rural Water Supply and Sanitation Project (PAMSIMAS)** prioritizes the expansion of water and sanitation infrastructure in the priority stunting reduction districts, and has introduced behavioral change interventions relating to sanitation, hygiene, food preparation, and animal husbandry. PAMSIMAS will align its geographic expansion with the priority districts; participate in district-level stunting diagnostic, planning, and coordination processes supported by the INEY PforR; and use HDW social mapping and scorecards to improve the targeting of community water and sanitation plans.
- **The Indonesia Social Assistance Reform Program (SARP)** provides demand-side incentives for households to utilize nutrition-specific interventions, including vaccination, prenatal care, and child growth promotion. The SARP Program will support the Government by aligning the program's Family Development Sessions, which deliver priority messages on nutrition, family development, and financial literacy, to the priority districts; participating in district-level diagnostic, planning, and coordination processes; and coordinating with HDWs at the village level.
- **The Supporting Primary Healthcare Reform Program (I-SPHERE)** will improve primary maternal and child healthcare services in the priority districts, including ante-natal and post-natal care, immunization, malaria and diarrhea prevention and treatment, and nutrient supplementation (IFA, vitamin A, etc.). I-SPHERE will align its work on health sector performance and data systems with the NatStrat Stunting.

**39. Citizen Engagement in Frontline Service Delivery and Oversight.** The PforR will strengthen four citizen engagement tools designed to improve the convergence of nutrition

<sup>32</sup> The Agriculture GP has also recently initiated the scoping of an operation with the Ministry of Agriculture that could include a focus on its nutrition-sensitive food security interventions.



interventions, and to empower villages and citizens to hold sector line ministries and district departments accountable for the delivery of nutrition interventions (see Box 5).

**Box 5: Four Tools to Engage Citizens in Accelerating Stunting Reduction**

- **Stunting Length Mats and Growth Wall Charts.** HDWs will raise awareness among families and the broader community using Stunting Length Mats to help users visualize and understand children's growth to enable them to take timely action to prevent malnutrition.
- **Social mapping and stunting diagnostics** will support communities in understanding the conditions of 1,000-day households and identify their current access to and bottlenecks for priority interventions.
- **Village Convergence Scorecards** will enhance citizen participation in monitoring the delivery of priority interventions to all 1,000-day households through quarterly community meetings to review progress and performance.
- **Public dissemination and use of data at multiple levels** (village forums, districts, and national) will improve program implementation and provide feedback loops to the community for strengthening program accountability.

40. **The PforR will also provide a framework for development partners and other stakeholders to coordinate, prioritize, and scale up their support for nutrition-specific and nutrition-sensitive interventions.** In addition to the World Bank, UNICEF, the Millennium Challenge Account Indonesia (MCA-I), and Australia's Department of Foreign Affairs and Trade (DFAT) are the most active partners, directing most of their support to MoH, Bappenas, and MoV. UNICEF has played a critical role in supporting the Scaling-Up Nutrition initiative and providing technical assistance on nutrition-specific programs. MCA-I has played a major role in stunting reduction programs through an MCC-funded Community-based Health and Nutrition program. The Global Alliance for Improved Nutrition and Nutrition International provide technical assistance to the Government and implement projects in selected areas, providing useful lessons for the NatStrat Stunting. Increased private sector engagement through financing as well as innovative service delivery platforms will be explored in strategic areas such as cost-effective food fortification. GFF-supported technical assistance as part of the IPF Component will support these private sector innovations and stakeholder harmonization.

41. **The Bank will also use the PforR to leverage its advisory services and analytical activities on nutrition and early years, district and village governance, social protection, and agriculture.** The complex program design and implementation arrangements will require a significant investment in enhanced implementation support and complementary technical and advisory services. The Local Solutions to Poverty Multidonor Trust Fund, which is chaired by Bappenas and for which the principal remaining donor is DFAT, has approved a comprehensive package of advisory, analytical, and operational support through March 2020. The World Bank is in discussion with development partners, including private foundations, to finance enhanced implementation support for 2020 and 2021. The Bank has also agreed with SoVP and MoH to commission a study on stunting and service delivery in urban areas to better understand drivers of stunting as well as the role of the private sector in urban contexts. This will inform the StratNas



Stunting's expansion into urban areas in 2020.

### C. Program Development Objective and PDO-Level Results Indicators

**42. The Program Development Objective (PDO) is to increase the simultaneous utilization of nutrition interventions by 1,000-day households in priority districts.** The PforR Program will achieve this objective by supporting the Government in converging national, district, and village programs and activities that deliver priority nutrition interventions for maternal and child health and nutrition services, water and sanitation, ECED, and social protection.<sup>33</sup>

**43. Progress toward achieving the PDO will be measured through five key results indicators:**

|                      |  |
|----------------------|--|
| PDO-level indicators | <ul style="list-style-type: none"> <li>(a) Public commitments<sup>34</sup> of Priority District leaders to accelerate stunting prevention</li> <li>(b) Priority Districts implementation of locally-adapted interpersonal communication (IPC) activities</li> <li>(c) Performance of districts in targeting priority nutrition interventions<sup>35</sup></li> <li>(d) Consumption of IFA supplements during pregnancy</li> <li>(e) Village-level convergence of nutrition interventions on 1,000-day households<sup>36</sup></li> </ul> |
|----------------------|--|

### D. Results Areas and Program Results Logic

**44. The proposed PforR will support the Government's program by providing incentives for key actions required to drive convergence across the five core sectors that are responsible for delivering the Government's priority nutrition interventions.** The PforR Program will focus on four Results Areas (RAs):

- (a) **Results Area 1: Strengthening national leadership.** This RA will strengthen national leadership and ensure the effective national coordination and accountability mechanisms that are critical for the sustained and high-quality implementation of the NatStrat Stunting. This includes national actions to secure the annual commitments of subnational leaders (district heads and mayors) to deliver and converge priority district programs and activities, improved expenditure systems for monitoring, performance assessments of

<sup>33</sup> "Simultaneous utilization" means that households have access to all these services at the same time. The term "1,000-day households" refers to households with pregnant women and/or children aged 0-24 months. "Priority districts" refers to those selected for the annual scale-up within the NatStrat Stunting based on assessments of the prevalence and incidence of stunting.

<sup>34</sup> Linking to DLI 1, this PDO-level indicator will use the signing of sub-national government leaders' signing of compacts of concrete actions at Stunting Summits convened annually by the President and Vice President on an annual basis.

<sup>35</sup> The indicator will be measured and tracked through the annual household survey (using proxy indicators). See DLI 8.

<sup>36</sup> This refers to 14 key nutrition interventions in the health and nutrition, WASH, social protection and ECED sectors that will be tracked through the Village Convergence Scorecard (see Box 3) and DLI 10 will incentivize improved coverage of these services.



national spending on nutrition interventions, and accelerated learning on what works and what doesn't through improved data systems. Key activities include Annual Stunting Summits (SoVP/TNP2K<sup>37</sup>), National Expenditure Tagging and Performance Reviews (Bappenas and MoF), and implementation of an annual anthropometric module in SUSENAS by the National Statistical Agency (BPS).

- (b) **Results Area 2: Strengthening delivery of national sector programs.** This RA will support the improved design and delivery of national sector programs that have been identified as key to reducing stunting. There are currently significant gaps in the delivery of ECED programs, food assistance, and IPC. Results will include improved delivery of nutrition-sensitive services by ECED teachers to parents and children aged 0-2 years; enhanced nutrition-sensitivity and implementation quality of the BPNT food assistance program; and increased capacity of districts to design, and of subdistrict-level health centers (Puskesmas) to deliver, locally adapted IPC activities. Key activities include strengthened implementation of the ECED teacher professional development program with nutrition-sensitive modules (MoEC), the nutrition-sensitive BPNT program (MoSA) and IPC capacity development for districts (MoH).
- (c) **Results Area 3: Strengthening convergence of district activities.** This RA will strengthen the management and implementation of nutrition activities implemented at the district level and reduce financial fragmentation. It will help to strengthen evidence- and results-based budgeting at the district level, providing incentives to districts to spend more and better on nutrition interventions and monitoring systems (including behavioral change programming), and to improve the prioritization of district and village plans and budgets to address stunting. The main activity is implementation of an annual performance assessment to measure districts' implementation of the convergence program, incentivized by a performance assessment of stunting convergence actions (MoHA), which together will support districts in implementing district-level convergence actions, including local stunting surveillance, district diagnostics, and HDW mobilization.
- (d) **Results Area 4: Converging village service delivery.** This RA will support activities that will converge delivery of priority interventions on all 1,000-day households in villages, incentivize villages to allocate additional budget from the *Dana Desa* to priority nutrition-specific and nutrition-sensitive interventions, and increase the quality of and participation in community-based growth promotion activities. Key activities will include village-level social mapping of 1,000-day households, Village Convergence Scorecards, and Height-based Community Growth Promotion (MoV, MoH, and MoF).

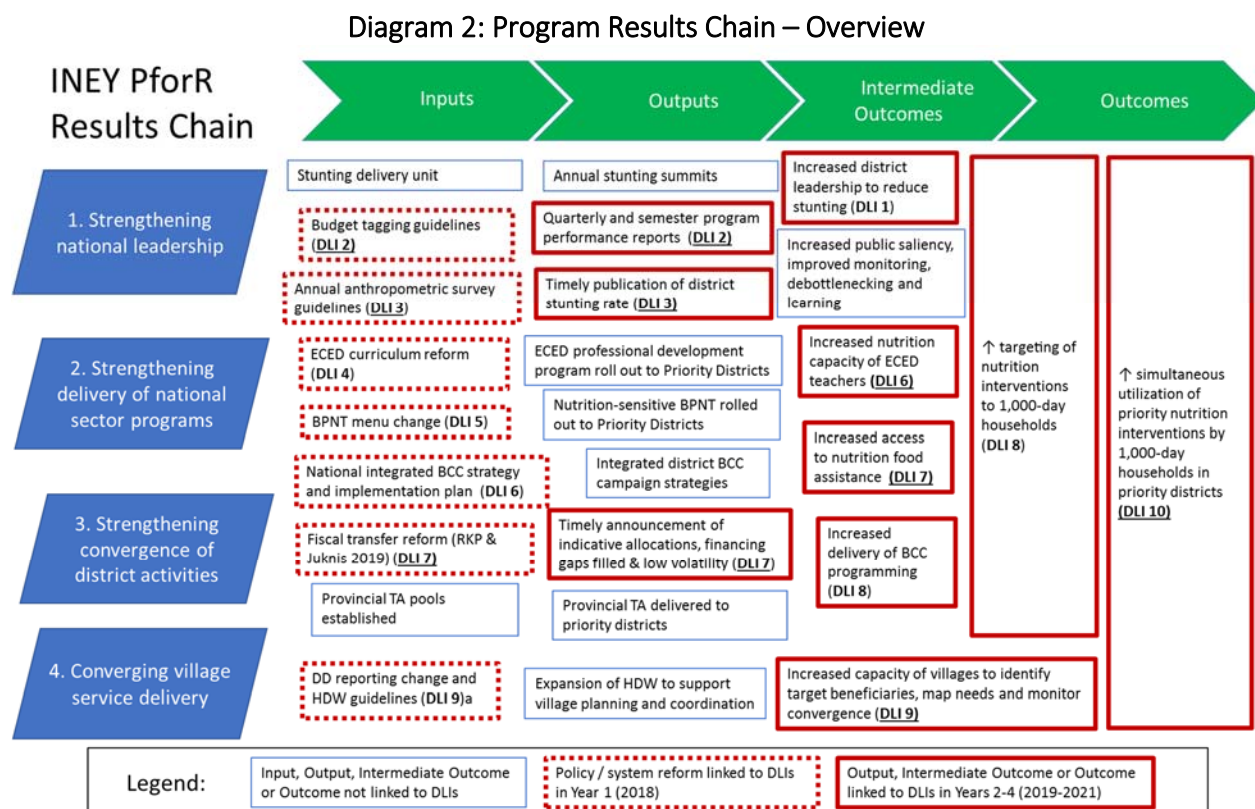
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<sup>37</sup> The Vice President will convene the annual summits with Secretariat support from TNP2K and technical inputs from Bappenas, Menko PMK, MoH, and MoHA.





45. **Diagram 2 summarizes how the DLIs will incentivize actions and improved performance across the program results chain.** The disbursement-linked indicators (DLIs) shown in the red dashed boxes indicate system reforms required in Year 1 (2018).



46. **The PforR Program will support the Government in delivering the priority nutrition interventions to three main groups of beneficiaries: pregnant mothers, parents of children aged 0-2 years old, and children aged 0-2 years old.** Table 7 below shows the estimated number of program beneficiaries each year.

**Table 7: Program Beneficiaries by Year (2018-2021)**

| Unit                                | 2018              | 2019              | 2020              | 2021              |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|
| Pregnant mothers                    | 1,657,896         | 3,097,464         | 5,166,844         | 6,282,509         |
| Parents of children (0-2 years old) | 7,412,176         | 13,848,245        | 23,100,096        | 28,088,050        |
| Children (0-2 years old)            | 3,706,088         | 6,924,123         | 11,550,048        | 14,044,025        |
| <b>Total</b>                        | <b>12,776,160</b> | <b>23,869,832</b> | <b>39,816,988</b> | <b>48,414,584</b> |





#### E. Disbursement-linked Indicators and Verification Protocols

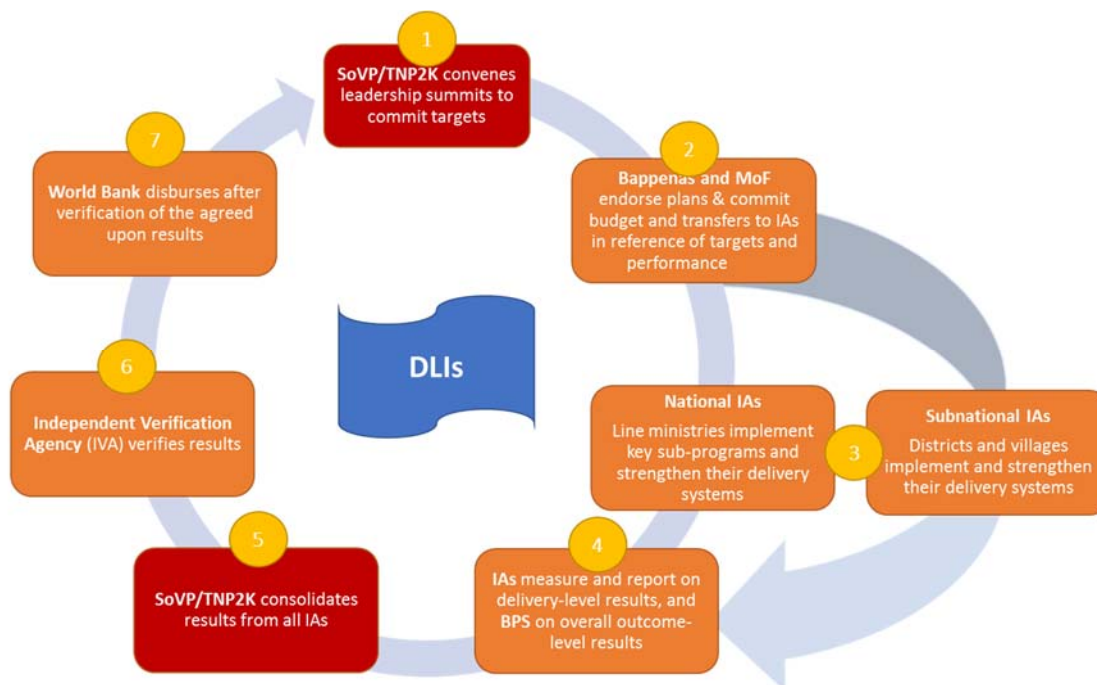
47. **The PforR will use a series of DLIs to ensure that the government at all levels has the systems, data, and tools to (a) address the management challenges that undermine efforts to reduce stunting, and (b) improve the delivery and convergence of key nutrition interventions.** Thus the program includes DLIs that incentivize both fixing management and systems problems, and improving outcomes. Specifically, the DLIs have been selected and designed to do the following:

- (a) **Establish and implement a results-based management cycle of planning and budgeting, monitoring and de-bottlenecking, and accountability as well as learning that cuts across sectors and levels of government.** As detailed in Diagram 3, this involves (i) incentivizing SoVP to convene annual leadership summits of ministers and subnational leaders (governors, district heads, and mayors) to secure commitments to accelerate stunting reduction efforts (DLI 1); (ii) incentivizing Bappenas and MoF to strengthen the national planning and budgeting systems (DLI 2) as well as the inter-governmental fiscal transfer system (DLI 7 and DLI 9) to improve the efficiency of national, district, and village spending on the NatStrat Stunting targets and interventions; and (iii) incentivizing the collection of key performance data across the implementation cycle—both national and subnational budget realization and output data (DLI 2 and DLI 7), and data on the frontline convergence of services at the village level (DLI 9 and DLI 10). It also incentivizes BPS to annually measure and report on district stunting rates as well as key intermediate outcome indicators (DLI 3). Steps 4-7 involve SoVP consolidating results, a subset of which an Independent Verification Agency (IVA) will verify as the basis for disbursements to MoF. This work operates on an annual cycle, with the progress and performance informing subsequent annual summits (DLI 1), government budgets (DLI 2), and district transfers (DLI 7).
- (b) **Encourage collaboration across sector line ministries as well as district and village governments.** Each DLI is assigned to a single lead ministry, but, as detailed in Table 13 and Annex 2, their realization will require collaboration with other ministries and/or levels of government. For example, DLI 1 requires SoVP to collaborate with Bappenas, MoF, and MoH on the content of summits, and DLI 2 will require strong collaboration between Bappenas and MoF in accordance with Government Regulation 17/2017 on the synchronization of planning and budgeting.
- (c) **Improve the delivery of existing interventions and bring to scale interventions that fill critical service delivery gaps.** As noted above, the Government already spends significant amounts on nutrition-specific and nutrition-sensitive interventions; however, it is necessary to improve their convergence and implementation quality. Therefore, some DLIs focus on improving the allocation of resources based on performance (DLI 2), district targeting of nutrition interventions (DLI 8), and the village-level convergence of priority



interventions for the target beneficiaries (DLI 10). Also, several DLIs are focused on incentivizing key ministries to innovate and address important service delivery gaps for ECED (DLI 4), the government's food assistance program (DLI 5), and IPC activities (DLI 6).

Diagram 3: NatStrat Stunting and the PforR Performance and Accountability Cycle



## Results Area 1: Strengthening national leadership

48. **Rationale.** The DLIs for Results Area 1 focus on “center of government” functions critical to sustaining stunting reduction as a key national priority, committing subnational leaders to explicit targets and actions for stunting reduction, operating effective monitoring and de-bottlenecking processes, and establishing a system for resource allocations based on need and performance.

(a) **DLI 1 (\$20 million): Public commitment of Priority District leaders to accelerate stunting prevention.** This DLI will incentivize the central Government to secure the commitment of local government leaders to accelerate stunting reduction, and to create the local enabling environment for districts and villages to improve their convergence performance. SoVP/TNP2K, together with Bappenas, Coordinating Ministry for Human Development and Cultural Affairs (Menko PMK), MoH, and MoHA is responsible for achieving this DLI.

(b) **DLI 2 (\$20 million): Tracking and performance evaluation of national spending on priority nutrition interventions.** This DLI provides incentives for the central Government



to establish and implement annual cycles of performance evaluation for the Government program, and to use that performance evaluation to inform the following year's allocation of resources to tagged budget lines within the program, establishing for the first time in Indonesia a performance-based budgeting approach to nutrition programming. Bappenas and MoF are responsible for achieving this DLI in accordance with Presidential Regulation 17/2017 on the Synchronized Planning and Budgeting System.

- (c) **DLI 3 (\$30 million): Timely publication of annual national and district stunting rates.** Annual publication of stunting rates will establish a system to use data and evidence to drive results, help the central Government hold district leaders to account for implementing their commitments to accelerate stunting reduction, and accelerate the cycle of learning on what works and what is less effective. BPS is responsible for achieving this DLI.

## **Results Area 2: Strengthening delivery of national sector programs**

49. **Rationale.** The DLIs for Results Area 2 focus on strengthening the design and implementation of three key nutrition-sensitive interventions where there are significant gaps. This will include: (a) incentivizing the MoEC to integrate and deliver nutrition-sensitive modules in its Professional Development Program for ECED teachers; (b) increasing the nutrition-sensitivity of MoSA's food assistance program (BPNT); and (c) incentivizing MoH to implement a national BCC strategy.

- (a) **DLI 4 (\$32 million): Priority District delivery of nutrition-sensitive professional development program for ECED teachers.** DLI 4 will help incentivize the central Government to use the nationwide ECED platform to deliver parenting classes to 1,000-day households and to improve the quality of ECED teachers. As part of this DLI, MoEC will revise the ECED Professional Development Program to integrate nutrition-sensitive modules on nutrition, hygiene, and stimulation. DLI 4 interacts with DLIs 9 and 10, which help create village-level demand for parent counseling and ECED teacher demand for participating in the Professional Development Program, through its inclusion as a priority indicator in the Village Convergence Scorecard (see Box 3). MoEC is the agency responsible for achieving this DLI.
- (b) **DLI 5 (\$65 million): Nutrition-sensitivity of the food assistance program (BPNT).** This DLI will incentivize the central Government to implement the BPNT in the priority districts, and to improve the nutrition content of the eligible food items. MoSA is the agency primarily responsible for achieving this DLI.
- (c) **DLI 6 (\$45 million): Priority districts implementation of locally-adapted IPC activities.** This DLI will incentivize the development of a national BCC strategy that includes a strong focus on IPC and uses innovative information and education communication tools and



materials, supports districts in adapting and implementing local activities, and strengthens the supportive supervision capacity of District Health Office (DHO) and Puskesmas staff for managing the IPC program. MoH is the agency primarily responsible for achieving this DLI. Box 6 elaborates on how DLIs 6, 7, 8 and 9 will help realize improvements in IPC.

**Box 6: Incentivizing District Governments to Deliver Locally Adapted IPC Activities**

The Technical Assessment recommended that IPC be part of a comprehensive national Behavioral Change Communication (BCC) strategy that integrates advocacy, mass media, and IPC. Given the heterogeneity of social norms, religious practices, and related institutions in Indonesia, the assessment also recommended that districts be incentivized and capacitated to implement locally adapted IPC. The PforR will use three DLIs to strengthen MoH and district government implementation of IPC and promote the use of innovative approaches, including ICT-based platforms:

- DLI 6 (Year 1) will incentivize the development of a national BCC strategy that includes a strong focus on IPC and on supporting districts in adapting and implementing local activities.
- In subsequent years, DLI 6 will incentivize the central Government to provide (a) capacity-building support to district governments to adapt the IPC strategy to the local context; (b) capacity building to strengthen the supportive supervision capacity of DHO and Puskesmas staff for managing the IPC program; and (c) additional support, including the development of innovative information and education communication tools and materials using an ICT-based platform.
- DLI 7 will incentivize development of locally adapted IPC strategies as one of the performance assessment criteria in year 2; and a Program Action Plan (PAP) item requires MoH to adjust the DAK Health (Operations) to finance district implementation.
- DLI 8 will incentivize the central Government to monitor the effectiveness of the IPC activities and adjust its approach as the program moves forward, including its approach to both building capacity and incentivizing districts to implement the IPC activities effectively.
- DLI 9 will generate village-level demand for IPC by including interpersonal counseling through home visits in the Village Convergence Scorecard.

**Results Area 3: Strengthening convergence of district activities**

50. **Rationale.** The DLIs for Results Area 3 will strengthen district governments' implementation of district-level convergence actions to diagnose the local drivers of stunting and improve the targeting and implementation of nutrition-specific and nutrition-sensitive interventions that address those drivers. An annual performance assessment, incentivized using fiscal transfers, is the key mechanism through which Bappenas and the MoF, in collaboration with MoHA, will translate national stunting reduction targets into district and village government plans, budgets, and action.

- (a) **DLI 7 (\$16 million): Predictability and results-orientation of fiscal transfers that support convergence.** This DLI provides an incentive for the central Government to implement various reforms that increase the predictability and results orientation of fiscal transfers,



including introducing a performance assessment to measure district-level governments' improved management of the Stunting Reduction Program. These mechanisms support the priority districts in improving the targeting of priority nutrition interventions, contributing to the overall improved targeting that will be rewarded by DLI 5. (Box 7 provides details on the District Performance Assessment.)

#### Box 7: Criteria for District Performance

The criteria for district performance will include key processes and systems that are critical for effective management and implementation of the NatStrat Stunting:

1. **District Stunting Summits** to secure the leadership and commitment of village heads and district department heads.
2. **Stunting Diagnostic**—implementation of baseline and annual diagnostics of the local drivers of stunting
3. **Data Systems Improvement**—progressive improvements to systems for monitoring intervention coverage to increase the accuracy and consistency of measurements within and across districts, incorporate data quality assurance mechanisms, and ensure that data are readily available to program managers and evaluators.
4. **Data Publication**—collection and publication of data on stunting surveillance and intervention coverage disaggregated to the village or subdistrict level.
5. **Multiyear Action Plan**—adoption of a multiyear stunting action plan, including a local BCC strategy.
6. **Village Enabling Regulations**—issuance of key regulations to clarify the village's role in delivering nutrition interventions (as authorized in Law 6 of 2014 on Villages).
7. **HDW Mobilization**—recruitment and mobilization of HDWs to support villages in implementing nutrition interventions and monitoring convergence on 1,000-day households.
8. **Annual Performance Review**—Implementation of an annual NatStrat Stunting performance review and analysis of changes in intervention coverage.
9. **Consolidated Reports**—provision of reports to central Government to inform national monitoring and evaluation.

For each of the nine criteria, a set of indicators will be developed that reflects the characteristics necessary for the process or system to be functional. As Annex 2 details, the Bank will review the performance assessment guidelines and indicators to ensure that they adequately capture the agreed performance criteria above.

The Government will undertake the performance assessment during the implementation year, and the results will determine the subsequent year's net budget allocation. As detailed in the Technical Assessment, this will reduce the performance cycle from three to two years. MoHA will conduct the performance assessment by September of each year so that MoF can use the results to determine each district's net allocation in the subsequent year (an indicative allocation will be provided by the following June and finalized in early December when the national budget is passed). The scheme will be adapted to accommodate adding new districts as the NatStrat Stunting is scaled up from 160 to all 514 districts by 2021. The table below illustrates the approach for the first two years.

|  |  |
|--|--|
| 2019 (160 priority districts)            | Performance is assessed in September 2019 based on criteria 1 – 4 as completed during the first half of 2019. Budget allocation in 2020 is based on 2019 performance.  |
| 2020 (initial 160 priority districts)    | Performance is assessed in September 2020 based on the completion of criteria 5 – 8 during the second half of 2019 and the completion of criteria 1 – 4 during the first half of 2020. Budget allocation in 2021 is based on 2020 performance. |
| 2020 (additional 230 priority districts) | Performance is assessed in September 2020 based on the completion of criteria 1 – 4 during the first half of 2020. Budget allocation in 2021 is based on 2020 performance.   |



- (b) **DLI 8 (\$70 million): Performance of districts in targeting priority nutrition interventions to 1,000-day households.** This DLI provides an incentive for the central Government to stimulate improved performance of district-level governments in targeting 1,000-day households for the delivery of priority nutrition interventions. Improvements in targeting will be measured by a weighted index (the nutrition service targeting index) of the percentage change in the number of households with children aged 0-2 receiving one or more of the five packages of priority nutrition interventions that districts are responsible for delivering (see Box 8). The delivery of each of the five service packages to the households will be measured using indicators from SUSENAS. To stimulate improved district-level service delivery, the central Government will need to deploy mechanisms such as program guidelines, guidelines on the use of conditional transfers, measuring performance in achieving district convergence actions, and improved predictability of financing, as provided for in DLI 7.

**Box 8: Nutrition Service Targeting Index**

This box describes the methodological approach that the Government will use to construct and calculate the nutrition service targeting index for DLI 8. The index will be constructed from nine different indicators across six sector packages of services, where each sector package is weighted equally to ensure that the index reflects overall cross-sector improvement, and that progress in only one of the indicators of any given sector does not substitute for lack of progress in the other indicator of that sector. The table below summarizes the sector packages, the indicators, and the weights.

| <i>Sector</i>             | <i>Indicators</i>                          | <i>Description</i>  | <i>Weight</i> |
|---------------------------|--|---|---------------|
| Health-primary            | a. Basic immunization*                     | Had complete set of immunization (BCG, polio, HB, DPT, measles)                         | 1/12          |
|                           | b. IFA supplement                          | Women who took 90+ iron tablets during pregnancy  | 1/12          |
| Health-nutrition          | a. Exclusive Bfeed >= 6 months for 0-23 mo | Exclusively breastfed for >= 6 months   | 1/12          |
|                           | b. Dietary diversity of 7-23 mo children   | Consume 3 out of 6 food groups (beans, dairy products, meats, eggs, vegetables, fruits) | 1/12          |
| WASH                      | a. Safe drinking water                     | Household has access to safe drinking water   | 1/12          |
|                           | b. Improved sanitation                     | Household has access to improved sanitation   | 1/12          |
| Education                 | Early childhood education (for 24-59 mo)   | Attend early childhood education  | 2/12          |
| Social protection         | Birth certificate                          | Has birth certificate   | 2/12          |
| Food security/agriculture | Household food insecurity                  | Household Food Insecurity Access Score above or equal to 3                              | 2/12          |

\* The BPS defines complete immunization with Hep. B 3 times and not 4 times. Therefore, we have carried out the analysis and the construction of the index using 2 different definitions of complete immunization, leading to index 1 (with Hep. B 4 times) and index 2 (with Hep. B 3 times as done by BPS).





Based on the indicators, BPS will generate an historical trend based on the average of the changes in the indicators between 2016 and 2015 and between 2017 and 2016. This is referred to as the threshold value because, as detailed in Annex 2, the Bank will disburse for performance above this trend line. Beginning in 2020, BPS will calculate and publish two values for each district: (a) the aggregate index value, and (b) the difference between the aggregate index and the threshold value. BPS will also publish an aggregate index value for all districts and all priority districts (for 0-5 year old children, for which the sample size is larger), as well as the individual district values for the indicators that constitute the district index and any other data points required to replicate the calculations in full. The 0-5 cohort has been selected for the district results, rather than the 0-2 cohort, to ensure that the sample size is sufficiently large to determine district representative results. However, the 0-2 year cohort will be used for the DLI. This approach uses a simple transformation function to maximize simplicity and ensure transparency.<sup>a</sup> More details on the methodology are included in Annex D of the Technical Assessment.

<sup>a</sup> See Decancq K., and Lugo, M.A. (2013), "Weights in Multidimensional Indices of Wellbeing: An Overview," *Econometric Reviews* 32 (1): 7-34.

#### Results Area 4: Converging village service delivery

51. **Rationale.** The DLIs for Results Area 4 are furthest along the results chain, and they focus on the convergence of nutrition-specific and nutrition-sensitive interventions at the point of delivery at the village level.

- (a) **DLI 9 (\$36 million): Villages empowered to identify 1,000-day households and converge intervention delivery.** DLI 9 will incentivize these agencies to improve guidelines and systems in year 1, and in subsequent years will provide incentives to mobilize HDWs to support villages in identifying 1,000-day households, mapping priority stunting needs, and systematically reporting on village convergence. MoV and MoF are the agencies primarily responsible for achieving this DLI.
- (b) **DLI 10 (\$66 million): Convergence of nutrition interventions on 1,000-day households.** Achievement is based on whether there is an actual improvement in the convergence of priority nutrition interventions on 1,000 day households as recorded by the Village Convergence Scorecards (see Box 3). The DLI lags DLI 9, which will establish the baseline as the priority districts expand. The first achievements are therefore scheduled for the end of 2020. As noted above, DLI 10 is the furthest to the right in the program results chain; therefore, achievement of DLI 10 depends on the other DLIs. For example, increase in utilization of the ECED parent counseling and IPC interventions is partially dependent on DLIs 6 and 8. Conversely, DLI 10 helps incentivize coordination and collaboration across both sectors and levels of government. Multiple agencies contribute to the achievement of this outcome-level indicator.

52. **DLI Verification.** The achievement of DLIs will be verified by an independent institution on the basis of a detailed DLI verification protocol (Annex 2) jointly endorsed by SoVP and the World Bank. It is agreed that BPKP will be the IVA and will verify the DLI achievements annually.



53. **Gender Gap Analysis.** The Environmental and Social Systems Assessment (ESSA) and Technical Assessment identified four gender gaps.

- (a) **Gaps in delivery of nutrition-specific interventions targeting maternal health.** The relationship between the mother's health status and childhood stunting is well documented.<sup>38</sup> As noted above, analysis of growth faltering shows that 20 percent of children are considered stunted at birth. However, Indonesia continues to perform poorly on key interventions that target maternal health during pregnancy. For example, only 33 percent of women took sufficient iron folic acid tablets during pregnancy, even though 77 percent of pregnant women attended the minimum four prenatal care visits during pregnancy. The NatStrat Stunting includes five nutrition-specific interventions focused on maternal health: supplementary feeding, IFA supplementation, iodized salt, deworming, and protection from malaria. However, the Technical Assessment found that the delivery and monitoring systems for these interventions were weak because of a combination of supply-side and demand-side challenges (e.g., supplements often not available at frontline service delivery units, beneficiaries often forget to consume supplements).
- (b) **Gaps in the Government's list of priority nutrition-sensitive interventions: women's empowerment programs.** Studies have shown that the social and economic status of women—including their access to and control over information, incomes, resources (including food) and participation—is an important factor that influences the nutrition status of both women and children.<sup>39</sup> It has also been linked to stunting.<sup>40</sup> These gender gaps are large in Indonesia,<sup>41</sup> and their relationship to nutrition outcomes was confirmed in a recent study that found that women with higher social capital and economic empowerment had lower rates of malnutrition.<sup>42</sup> However, the NatStrat Stunting does not explicitly recognize the importance of women's empowerment and include relevant

<sup>38</sup> Andrew J Predargast and Jean H Humphrey (2014), "The Stunting Syndrome in Developing Countries," *Paediatr Int Child Health* 34(4): 250-65. See also Cooley, P.C. et al. (2016), "Forecasting the Impact of Maternal Undernutrition on Child Health Outcomes in Indonesia." RTI Press Publication No. RR-0028-1612. Research Triangle Park, NC: RTI Press.

<sup>39</sup> Hardisman (2011), "The Role of Women Empowerment and Gender Analysis on Child Nutrition Reduction Policy in Indonesia," *Jurnal Kesehatan Masyarakat Nasional* 6(1): 3-8.

<sup>40</sup> CIAT (2015). "Rwanda Nutrition, Markets, and Gender Analysis." By Lung'aho M., E. Birachi, L. Butare, A. Musoni, and R. Buruchara. Nairobi: Government of Rwanda/International Center for Tropical Agriculture (CIAT).

<sup>41</sup> Research indicates that Indonesia ranks 108th in terms of female economic participation and opportunity and 118th in female labor force participation; and has one of the largest gender wage gaps in East Asia with the median women worker who earns 84 percent of the median man. Indonesian women have lower access to information including digital forms (Fiona Suwana (2017), 'Empowering Indonesian Women through Building Digital Media Literacy', *Kasetsart Journal of Social Sciences*, 38(3): 212-7); are less likely to attend village decision meetings (12.2 percent of women reported attending a village meeting in the past year vs 19.5 percent for men) and are less engaged (World Bank (2017), *Participation, Transparency and Accountability: Baseline Findings from the Sentinel Villages Study*.); and are less likely to hold senior positions in the civil service (50 percent overall but only 30 percent of senior positions). Assets, such as land also tend to be registered under the name of the husband at around 65 percent or higher where data is available.

<sup>42</sup> Masoud Vaezghasemi (2017), *Nutrition Transition and the Double Burden of Malnutrition in Indonesia*, Umea University.





programs and activities in the list of priority nutrition-sensitive interventions and programs.<sup>43</sup> Meanwhile there are multiple government and civil society programs and initiatives that have shown results in addressing the underlying social and economic drivers of stunting, including the Female Headed Household (Pekka) Program, the Child Friendly Cities (KPA) Program, and the Permampu civil society consortium focused on sexual and reproductive health in Sumatra.

- (c) **Gaps in the delivery of nutrition counseling interventions to men.** Multiple studies from Indonesia and around the world have found a relationship between the participation of men in parenting and women's nutritional and development status.<sup>44</sup> Some Government programs have sought to directly target male participation in nutrition and parent counseling sessions, but they have yet to be implemented on a sufficient scale. For example, the Generasi Program, which was implemented in 5,700 villages across 66 districts, successfully increased men's participation in community-based nutrition classes from 10 percent in 2013 (i.e., 10 percent men versus 90 percent women) to 34 percent (i.e., 34 percent men versus 66 percent women) in 2016 using a community-based performance scorecard like the Village Convergence Scorecard. Field work conducted as part of the Technical Assessment indicates that men's participation remains at around 10 percent non-Generasi locations (i.e., the remaining 70,000 villages).
- (d) **Gaps in the targeting of early marriage and adolescent pregnancy.** Research has found a strong relationship between early marriage and adolescent pregnancy and malnutrition and stunting.<sup>45</sup> Early marriage for girls remains common in Indonesia at around 19 percent for 16 and 17 year olds girls in 2015 whereas the minimum legal age for boys in 19 years old.<sup>46</sup> Adolescent fertility rates (ages 15-19) have hovered around 50 per 1,000 births since 2000, which is high in comparison to other middle-income countries. The Government program recognizes the role of early marriage and adolescent pregnancy and includes nutrition-sensitive interventions on its list of priority interventions. However, the programs that deliver these interventions at the National Family Planning Coordinating Board (BKKBN) are limited in geographic scope and intensity.

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<sup>43</sup> The original cabinet meetings in 2017 did not include the Minister for Women's Empowerment. This was rectified in the most recent cabinet meeting held on April 10, 2018, at which it was agreed that the Ministry of Women's Empowerment and Child Protection would be added to the NatStrat Stunting.

<sup>44</sup> Providing men increased access to information on mother and child nutrition and health, and parenting, and encouraging them toward joint decision-making and supporting healthy food choices and expenditures, leads to both improved status and decision-making for women and reduced malnutrition and stunting. See Suci Destriatania, Judhiastuty, and Fatmah (2013), "Father's Attitude and Number of Children toward Exclusive Breastfeeding," *Jurnal Kesehatan Masyarakat Nasional* 8(5): 229-234; Judhiastuty Februhartanty, Saptawati Bardosono, Andi Mariyasari Septiari (2006), "Problems During Lactation are Associated with Exclusive Breastfeeding in DKI Jakarta Province: Father's Potential Roles in Helping to Manage These Problems," *Malaysian Journal of Nutrition* 12(2): 167-180.

<sup>45</sup> Fall et al. (2015). Association of maternal age at childbirth and child and adult outcomes in the offspring: A prospective study in five low-income and middle-income countries.

<sup>46</sup> UNICEF (2016). Child Marriage in Indonesia: Progress on Pause. Jakarta, Indonesia. UNICEF.



54. **Proposed Gender Action.** Table 8 details the planned actions to address these gaps.

**Table 8: Gender Gaps, Actions, and Results**

| <i>Gender gap</i>   | <i>Actions (PAP)</i>  | <i>Results (DLIs)</i>   |
|---|---|---|
| Gaps in delivery of nutrition-specific interventions targeting pregnant women | <ul style="list-style-type: none"> <li>BPS to pilot inclusion of additional nutrition-specific interventions focused on the mother's health status in their piloting of the mini-anthropometric and nutrition module in September 2018.</li> </ul>  | <ul style="list-style-type: none"> <li>To address supply-side constraints, the index of nutrition intervention delivery targeting used to disburse funds under <b>DLI 8</b> will include a proxy indicator linked to one of the nutrition-specific indicators focused on maternal health (consumption of IFA supplements during pregnancy).</li> <li>To address demand-side constraints, the Village Convergence Scorecard will include an indicator on IFA consumption by pregnant mothers, performance on which will affect the disbursement of funds under <b>DLI 10</b> (see Box 3).</li> </ul> |
| Gaps in NatStrat Stunting priority nutrition-sensitive interventions          | <ul style="list-style-type: none"> <li>SoVP in collaboration with Bappenas and the Ministry of Women's Empowerment to conduct a review of relevant women's empowerment programs (see examples above) to inform the midterm intervention review of priority nutrition interventions.</li> <li>SoVP in collaboration with Bappenas to include relevant and effective women's empowerment programs in the NatStrat Stunting nutrition-sensitive interventions for 2020 onwards.</li> </ul> | <ul style="list-style-type: none"> <li>The inclusion of relevant women's empowerment programs in the revised NatStrat Stunting list of priority interventions is included as a IR-level indicator in the <b>Results Framework</b> (see M&amp;E indicators below and Annex 1).</li> </ul>  |
| Gaps in male participation in nutrition and parent counseling interventions   | <ul style="list-style-type: none"> <li>MoEC (Directorate for Parenting) to include materials in nutrition modules on men's role in parenting.</li> <li>MoH to include men's role in parenting and nutrition in IPC guidelines.</li> <li>MoV to include module in HDW training on role of men in childcaring.</li> </ul>   | <ul style="list-style-type: none"> <li>The Village Convergence Scorecard that will be used to incentivize villages to prioritize nutrition interventions and converge delivery on 1,000-day households (<b>DLIs 9 and 10</b>) will include a specific indicator on men's participation in counseling sessions.</li> </ul>   |
| Early marriage and adolescent pregnancy                                       | <ul style="list-style-type: none"> <li>MoH to include module in IPC guidelines and training materials on targeting girls to delay marriage and pregnancy.</li> <li>MoV to include module in HDW training on using quarterly stunting forums to communicate the benefits of delaying marriage and pregnancy.</li> </ul>  | <ul style="list-style-type: none"> <li><b>DLI 7</b> achievement definition relating to locally adapted BCC strategy to encompass implementation of IPC activities that cover early marriage and adolescent pregnancy as drivers of stunting.</li> </ul>   |

55. **M&E Indicators.** The PforR Program Results Framework will measure progress on the actions to addressing the identified gender gaps. It includes the following:



- (a) a PDO-level indicator on IFA supplement consumption by pregnant women as a proxy indicator for the delivery of nutrition-specific interventions focused on maternal health (Gap 1);
- (b) an intermediate outcome-level indicator on the inclusion of women's empowerment programs in the Government program's list of priority nutrition-sensitive interventions (Gap 2);
- (c) an intermediate outcome indicator on men's participation in community nutrition classes (Gap 3); and
- (d) a PDO-level indicator on implementation of local IPC activities that cover early marriage and adolescent pregnancy (Gap 4).

**56. Climate: The overall design of this PforR Program contributes directly to reducing the vulnerability of 1,000-day households to climate-related health and nutrition risks in several ways:**

- (a) **The PforR Program will help reduce the vulnerability of targeted households to climate-sensitive diseases such as malaria and diarrhea.** The 1,000-day households are particularly vulnerable to these diseases, which are expected to become more prevalent as a warming climate leads to conditions that favor mosquitoes, flies, and water-borne pathogens. The Government's National Climate Change Adaptation Plan identifies the risk of the climate-related spread of diarrhea and malaria as being high or very high in almost all regions of the priority districts, but particularly in East Nusa Tenggara, Maluku, and Papua.<sup>47</sup> To address this challenge, the PforR will support the improved and converged delivery of three nutrition-specific interventions (protection of pregnant women from malaria, protection from malaria and diarrhea prevention targeting lactating women and children aged 6-23 months, and interpersonal counseling through home visits) and three nutrition-sensitive interventions (access to clean water, access to sanitation, and access to hygiene facilities) that address the spread of malaria and diarrhea among 1,000-day households. DLI 1 (leadership summits) will support the central Government in securing commitments from local governments to deliver these five climate-relevant interventions, while DLI 2 (expenditure tracking and performance reviews) will improve tracking and performance evaluation of national spending on these interventions. At the subnational level, DLI 8 (district performance assessment) will improve district-level and village-level spending for these climate-relevant interventions, and DLI 9 (strengthened village capacity to support converged service delivery) and DLI 10 (converged service delivery) will ensure that these interventions are simultaneously used by the 1,000-day households. DLI 7 (fiscal transfers) also increases the predictability and results orientation of fiscal transfers that support this converged service delivery.

- (b) **The PforR will support delivery of a food assistance program to the poorest 25 percent**

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<sup>47</sup> Government of Indonesia (2013), National Action Plan for Climate Change Adaptation (RAN-API).



of 1,000-day households, who are particularly vulnerable to climate-induced food insecurity (e.g., from more frequent droughts that negatively affect staple crop yields). DLI 5 (nutrition-sensitive food assistance) will expand the access of targeted households to food assistance and ensure that the assistance is more nutrition-sensitive, contributing to enhance these households' nutrition security both in normal times and during climate-related shocks. DLI 1 will secure leadership commitment for the improved delivery of the food assistance program.

- (c) **The PforR will contribute to the development of a climate-informed workforce and climate informed service delivery in the health and nutrition sectors—two key components of WHO climate-resilient health systems.**<sup>48</sup> Climate-nutrition linkages will be incorporated in the capacity-building programs for ECED teachers (DLI 4), health staffs and Posyandu cadre (DLI 6), and HDWs (DLI 9). This will help improve the workforce's climate preparedness, and will inform more proactive community outreach and service delivery in districts where the prevalence of vector- and water-borne diseases and multinational incidents could increase with climate change. DLI 1 will secure leadership commitment for building such climate-informed workforces and service delivery.

## F. Expenditure Framework

57. **The total cost of the Government's program is estimated at Rp. 195 trillion (\$14.6 billion) over four years (2018-2021), of which the Program supported by the PforR is estimated to cost Rp. 88 trillion (\$6.6 billion).** The World Bank will finance \$400 million of the total PforR Program cost through the operation. Table 9 summarizes the budget estimates by year and level of government.

Table 9: PforR Program— Estimated Scale Up Budget (2018-21)

| <i>Level</i>                       | <i>2018</i>  | <i>2019</i>   | <i>2020</i>   | <i>2021</i>   | <i>Total</i>  |
|------------------------------------|--------------|---------------|---------------|---------------|---------------|
| # districts                        | 100          | 160           | 390           | 514           | 514           |
| # villages                         | 21,453       | 31,064        | 67,095        | 74,954        | 74,954        |
|                                    |              |               |               |               |               |
| <b>PforR Program (Rp. billion)</b> | <b>5,497</b> | <b>10,181</b> | <b>29,229</b> | <b>42,680</b> | <b>87,587</b> |
| Central                            | 2,227        | 3,689         | 9,306         | 12,816        | 28,038        |
| District                           | 1,239        | 1,763         | 3,717         | 4,940         | 11,658        |
| Village                            | 2,032        | 4,729         | 16,206        | 24,924        | 47,890        |
|                                    |              |               |               |               |               |
| <b>PforR Program (\$ million)</b>  | <b>143</b>   | <b>765</b>    | <b>2,198</b>  | <b>3,209</b>  | <b>6,585</b>  |
| Central                            | 167          | 277           | 700           | 964           | 2,108         |
| District                           | 93           | 133           | 279           | 371           | 877           |
| Village                            | 153          | 356           | 1,218         | 1,874         | 3,601         |

<sup>48</sup> WHO (2015). WHO Operational Framework for Building Climate-Resilient Health Systems.



58. **The INEY PforR scope includes delivery of the NatStrat Stunting nutrition-specific and nutrition-sensitive interventions that are high-impact and not currently supported by existing operations and development partners.** It also includes the six convergence instruments of the Government program. The red shading in Table 10 summarizes the scope of the INEY PforR Program, which includes the delivery of all nutrition-specific and nutrition-sensitive interventions at the village-level Posyandu. It also shows that three existing World Bank-funded operations support delivery of NatStrat Stunting's nutrition-specific and nutrition-sensitive interventions: I-SPHERE supports maternal and child health as well as health insurance (blue shading); PAMSIMAS supports clean water and sanitation infrastructure (yellow shading); and the Family Hope Program (PKH, P160665) strengthens the Government's conditional cash transfer support for the poor (green shading). In addition, the United Nations Children's Fund (UNICEF) supports the family planning and adolescent health interventions, and the World Food Program (WFP) the food security programs (shaded grey).

**Table 10: PforR Program Scope – Priority Interventions**

| Sector                                  | Intervention   | Implementing Agencies |                                      |                        |
|---|--|-----------------------|--------------------------------------|------------------------|
|   |  | National              | District                             | Village                |
| Nutrition-specific                      |  |                       |                                      |                        |
| Primary Health: Maternal & Child Health | 1. Iron folic acid supplementation                       | DG-P&MD (MoH)         | DINAS Health Puskesmas <sup>49</sup> | Posyandu <sup>50</sup> |
|   | 2. Iodized salt  | DG-P&MD (MoH)         |                                      |                        |
|   | 3. Complete immunization                                 | DG-P&MD (MoH)         |                                      |                        |
|   | 4. Deworming   | DG-P&MD (MoH)         |                                      |                        |
|   | 5. Vitamin A supplementation                             | DG-P&MD (MoH)         |                                      |                        |
|   | 6. Protection from malaria                               | DG-PH (MoH)           |                                      |                        |
|   | 7. Inte. Man. of Child Illness (ICMI)                    | DG-PH (MoH)           |                                      |                        |
| Primary Health: Nutrition               | 8. Supplementary feeding                                 | DG-PH (MoH)           | DINAS Health Puskesmas               | Posyandu               |
|   | 9. Prenatal care/post-natal care <sup>51</sup>           | DG-PH (MoH)           |                                      |                        |
|   | 10. Growth monitoring & promotion                        | DG-PH (MoH)           |                                      |                        |
|   | 11. Infant Young Child Feeding (IYCF)                    | DG-PH (MoH)           |                                      |                        |
| Nutrition-sensitive                     |  |                       |                                      |                        |
| Health                                  | 1. Access to JKN   | BPJS                  | BPJS                                 | -                      |
|   | 2. Access to Jampersal                                   | BPJS                  | BPJS                                 | -                      |
|   | 3. Provision of youth sexual and reproductive counseling | DG-PH (MoH)           | DINAS Health Puskesmas               | Posyandu               |
|   | 4. Provision of community nutrition counseling           | DG-PH (MoH)           | DINAS Health Puskesmas               | Posyandu               |
|   | 5. Access to family planning services                    | BKKBN                 | BKKBN Puskesmas                      | PKK                    |

<sup>49</sup> Community health centers at the subdistrict level.

<sup>50</sup> Integrated service post at the village and hamlet level.

<sup>51</sup> The prenatal/postnatal package consolidates the following priority interventions in the NatStrat Stunting: 1e. Protection from malaria (as part of counseling on danger signs); 2a. Promotion of early initiation of breastfeeding; 2b. Promotion of exclusive breastfeeding; 2c. Assisted delivery; and 3j. Provision of nutrition counseling.



| Sector            | Intervention  | Implementing Agencies |              |                  |
|-------------------|---|-----------------------|--------------|------------------|
|                   |   | National              | District     | Village          |
| WASH              | 6. Access to clean water facilities                     | DG CK (MoPWH)         | DINAS PW     | BP SPAM or equiv |
|                   | 7. Access to sanitation facilities                      | DG CK (MoPWH)         | DINAS PW     | BP SPAM or equiv |
| Education         | 8. Provision of parent counseling                       | DG-ECED (MoEC)        | DINAS Edu    | PAUD             |
|                   | 9. Provision of universal ECED                          | DG-T (MoEC)           |              |                  |
| Social Assistance | 10a. Nutrition-sensitive CCT program (PKH)              | DG-Linjamsos (MoSA)   | DINAS Social | -                |
|                   | 10b. Nutrition-sensitive food assistance program (BPNT) | DG-PFM (MoSA)         | DINAS Social | -                |
| Food              | 11. Increase in food fortification                      | MoT/BPOM              | -            | -                |
|                   | 12. Nutritious food security programs                   | MoAg                  | DINAS Ag     | -                |

59. **As Table 11 shows, the Government will finance the majority of the PforR Program;** over four years the PforR operation is estimated to contribute 6.1 percent of the Program costs.

**Table 11: Program Financing**

| Source   | Amount<br>(\$ million) | Percent of total |
|--|------------------------|------------------|
| Counterpart Funding  | 6,185.00               | 93.64            |
| Borrower   | 6,185.00               | 93.64            |
| International Bank for Reconstruction and Development (IBRD) | 400.00                 | 6.06             |
| Trust Funds  | 20.00                  | 0.30             |
| Global Financing Facility                                    | 20.00                  | 0.30             |
| <b>Total Program financing</b>                               | <b>6,605.00</b>        |                  |

## G. IPF Component

60. **The purpose of the IPF Component is to strengthen the capacity of program agencies to monitor, coordinate and implement the NatStrat Stunting, and thereby secure the long-term implementation sustainability of the government program.** The IPF Component will be financed by GFF, with the possibility of crowding in more resources throughout implementation. The investments will improve the quality of program implementation through targeted support to the key Government counterparts in implementing convergent stunting reduction programs at both the national and local levels. In particular, it will finance catalytic investments to improve implementation capacity and strengthen intervention delivery systems. It will also promote innovations and research to address bottlenecks and evaluate the program's impact and effectiveness. The learning agenda will generate knowledge and lessons for other Regions,



countries, and programs; and to facilitate this two-way knowledge sharing SoVP will establish a small advisory panel (see Box 9).

**Box 9: Advisory Panel for Knowledge Exchange and Learning**

SoVP will establish a small advisory panel consisting of two local experts and two global experts with knowledge of both nutrition and institutional reform and service delivery. The main role of the panel:

- Advise on the Program's medium-term policy research strategy and plan
- Participate in the midterm review of priority nutrition interventions
- Facilitate identification of global and local principal investigators for specific studies
- Review research and analytical outputs
- Facilitate dissemination of knowledge from Indonesia globally and regionally
- Facilitate sharing of global knowledge with implementation teams in Indonesia

The panel will meet at least once each year and will provide inputs both directly and remotely. SoVP will prepare TOR and finance activities from subcomponent 1A. A Knowledge Management officer will support the advisory panel. The Bank will provide complementary support through its PASA portfolio.

**61. Component 1: Institutional Strengthening for National Leadership and Delivery (\$16 million).** The component will be delivered by SoVP and consistent of two sub-components:

- (a) **Subcomponent 1A: Strengthen Coordination, Nutrition Program Delivery Monitoring, and Debottlenecking Capacity of SoVP/TNP2K.** The multisectoral and multilevel nature of NatStrat Stunting requires that SoVP/TNP2K have strong leadership and management capacity for planning, implementation, and monitoring and evaluation to ensure sound delivery of the convergence program. This component will (i) establish a communication and advocacy team to support Pillar 1 of the NatStrat Stunting, both the national awareness campaign and national and subnational advocacy including on issues such as food fortification (Pillar 4); (ii) strengthening the performance monitoring and verification systems, including through establishing a results monitoring team, setting up a centralized monitoring dashboard and conducting a regular performance review, and to improve the capacity for resolving bottlenecks through timely identification of implementation problems; (iii) establish an evaluation and innovation team to undertake implementation research/process evaluation to generate lessons learned and facilitate course correction and evaluation studies to evaluate the Program's impact and effectiveness; and (iv) conducting pilots and testing innovations on new interventions, including the strengthening of integrated data system and the enhancement of public-private partnership in nutrition service delivery. It will also conduct pilots and innovations on new interventions that fill critical service delivery gaps and strategic areas such as integrated data systems and public-private partnership in nutrition service delivery. This subcomponent will also support the advisory panel.





- (b) **Subcomponent 1B: Strengthen Capacity of Implementation Agencies.** The component will strengthen the capacity of line ministries implementing the Program (MoH, MoEC, MoSA, MoV and MoF)—but also other line ministries implementing the NatStrat Stunting (MoPWH, Ministry of Women’s Empowerment, etc.). More specifically, the component will provide support to (i) MoH to strengthen the interpersonal communication program by improving the quality of cascade training and incorporating the use of an ICT-based platform; (ii) MoSA in improving the nutrition-sensitivity of the food assistance program (BNPT) by improving the mix of food, targeting methods, and monitoring systems; (iii) MoEC to improve the quality of training systems and the nutrition content in the parenting session curriculum for ECED frontline services; (iv) MoV to strengthen capacity to coordinate support for HDW as well as Dana Desa spending on ECED Professional Development training; and (v) overall implementation support for NatStrat Stunting program delivery as identified and agreed by the Program Steering Committee (PSC).
- (c) **Subcomponent 1C: Strengthen Results-based Synchronized Planning, Budgeting and Technical Convening.** This component will support Bappenas and MoF to operationalize synchronized planning and budgeting as well as strengthen its technical convening role on topics relevant to the NatStrat Stunting and related maternal and child health issues. Specifically, it will: (i) strengthen capacity to design and implement synchronized planning and budgeting systems; (ii) improve the quality of the DAK reporting systems by standardizing categories of activities and strengthening the Collaborative Planning and Budget Performance Information (KRISNA) system; (iii) build capacity to conduct performance expenditure reviews; (iv) strengthen district performance assessment systems in collaboration with MoHA; (v) strengthen the Scaling Up Nutrition Secretariat’s technical convening role in collaboration with SoVP; (vi) establishing behavioral change policy and strategies in collaboration with the Ministry of Health and other relevant implementing agencies; (vii) commission technical reviews of programs and policies related to the NatStrat Stunting and maternal and child health more broadly in collaboration with SoVP; and (viii) support learning and knowledge sharing as the integrated programs are being scaled up. This component will be implemented by the Deputy for Human Development at Bappenas in close collaboration with SoVP, MoHA and relevant implementing agencies.

62. **Component 2: Strengthen Capacity for District Convergence (\$4 million).** This component, to be delivered by MoHA, will support the Directorate General of Regional Development in (a) strengthening the capacity of provincial and district governments to diagnose the local drivers of stunting, develop local solutions, and converge the priority nutrition-intervention delivery at the district level; (b) providing technical assistance to subdistrict and village levels in aligning the *Dana Desa* utilization for the stunting reduction agenda; (c) strengthen the capacity of MoHA to develop performance benchmarking for convergence programs across districts; and (d) facilitating peer-to-peer learning and sharing of best practices across districts. This component will be delivered to priority districts through a Technical





Assistance Pool at the provincial level, with direct responsibility to DG Regional Development-MoHA through daily coordination and supervision of the provincial development planning agency (Bappeda). In 2018 the World Bank will support the DG of Regional Development in piloting the design of this component, which will be outlined in the TOR for the Provincial Technical Assistance Pool. This component will be designed in close collaboration with SoVP, Bappenas, and all relevant line ministries.

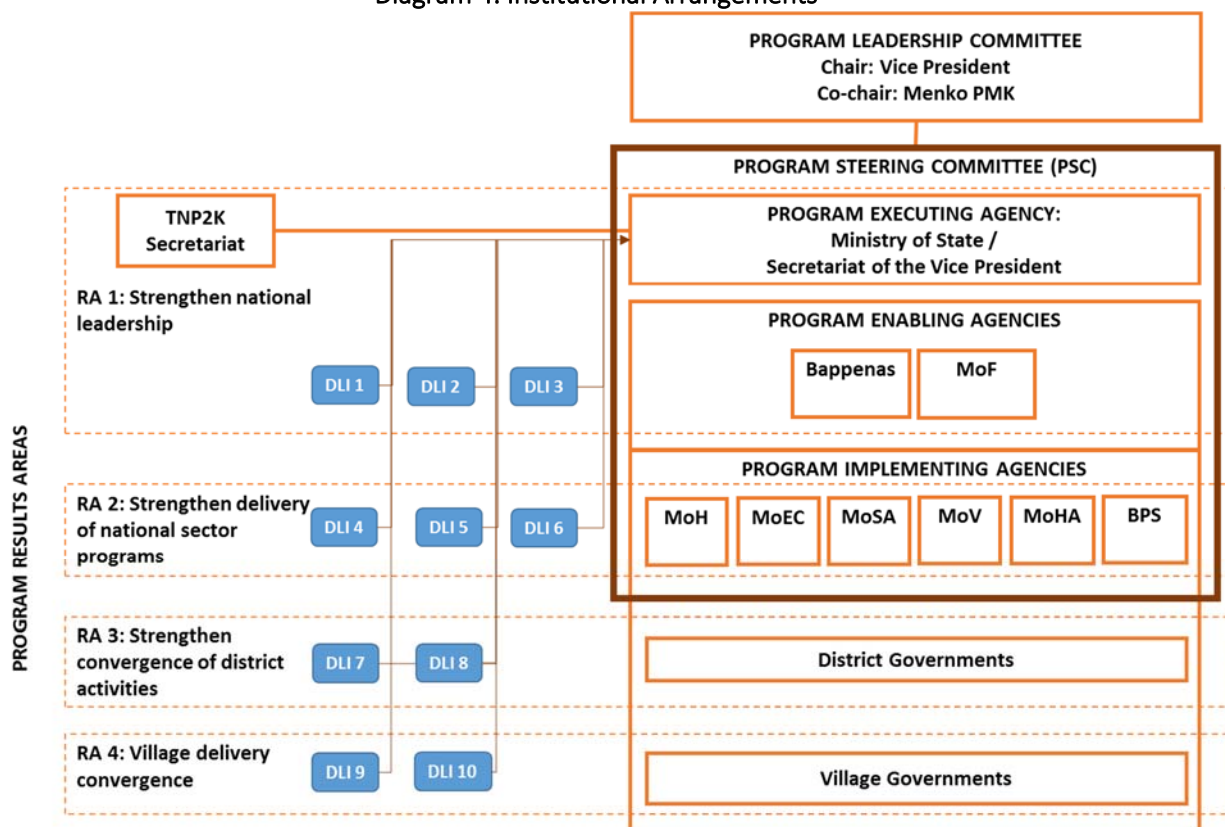
### III. PROGRAM IMPLEMENTATION

#### A. Institutional Arrangements

63. **The NatStrat Stunting is under the overall leadership of the Secretariat of the Vice President (SoVP) at the Ministry of State Secretariat, which will be the lead Executing Agency for the PforR Program.** Sustained reform efforts will be required to ensure successful implementation of the NatStrat Stunting. Effectively driving performance and establishing accountabilities across many ministries and all levels of Government requires direct oversight by the highest executive function. To ensure convergence, it will be necessary to improve coordination and management at all levels. The TNP2K Secretariat will support the SoVP in using the DLIs to monitor implementation across the different levels of government. The multisectoral and multilevel nature of the NatStrat Stunting means that the PforR Program will involve two enabling agencies, six implementing agencies (IAs), and district and village governments. Diagram 4 summarizes the institutional arrangements.



Diagram 4: Institutional Arrangements

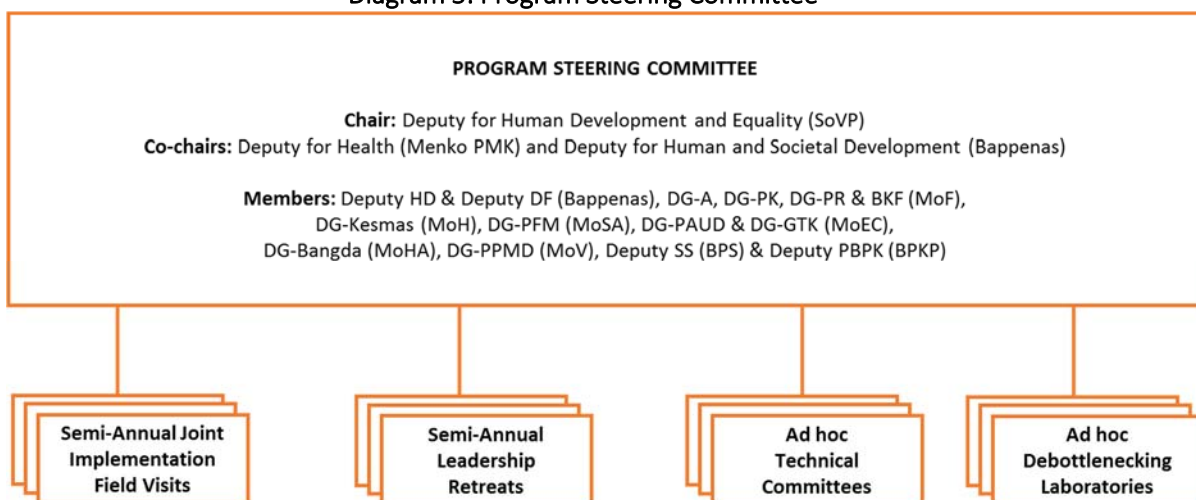


64. The roles of the different institutions and agencies are as follows:

- (a) **Program Leadership Committee.** The Program Leadership Committee is consistent with the NatStrat Stunting oversight mechanisms, and will be chaired by the Vice President (VP) and co-chaired by the Coordinating Minister for Menko PMK. The committee will meet quarterly and will include ministers (or their representatives) from all national enabling agencies and IAs. The committee will set policy and annual targets, review progress and performance, and resolve specific issues as required. It will also approve the Government program's annual report.
- (b) **Program Steering Committee.** A Program Steering Committee will guide the implementation of the Program by organizing semiannual joint implementation visits, semiannual leadership retreats, and key technical discussions through committees as needed, and helping with de-bottlenecking issues that come up. The Program Steering Committee will look to the PSC for overall strategic guidance and will escalate issues to the Program Leadership Committee as needed. The Deputy for Human Development and Equality in SoVP will chair the PSC, as summarized in Diagram 5.



Diagram 5: Program Steering Committee



(c) **Secretariat of the Vice President (SoVP) / TNP2K Secretariat.** SoVP will provide the Vice President with center-of-government functions that are critical to the Program's successful implementation. SoVP, in close collaboration with Menko PMK, Bappenas and the MoF, and with technical support from the TNP2K Secretariat, will drive implementation of an annual cycle of performance, accountability, and learning that will include five key functions:

- (i) **Annual targets and commitments.** SoVP will support the President and Vice President in convening 20 ministers and up to 514 district heads annually to commit to concrete actions and annual targets for convergence of priority interventions to reduce stunting.
- (ii) **Convening of results-based budgeting and fiscal transfers processes.** SoVP will play a convening role to strengthen the synchronization and results orientation of the annual planning and budgeting process under the Bappenas and MoF, respectively. This will also help to ensure greater alignment with NatStrat Stunting targets, priority interventions, and priority locations.
- (iii) **National and subnational implementation coordination.** SoVP, together with Menko PMK, will convene Echelon I from implementation agencies at the national level, and together with MoHA will expand the mandate of the Regional Poverty Reduction Teams to coordinate implementation at the provincial and district levels.
- (iv) **Intervention delivery monitoring and data consolidation.** Implementation agencies at all levels will monitor intervention delivery and report back to the SoVP at regular intervals. The reports will include data on activity execution and



outputs delivered, and on intervention delivery and outcomes (e.g., stunting). SoVP will also manage a dashboard for the President and Vice President on overall implementation.

- (v) **Performance reviews and adjustments.** The SoVP will lead an annual overall performance review of the NatStrat Stunting, which will guide subsequent year targets and budget allocations and provide the basis for holding ministers, district heads, and mayors to account for improved implementation and results. With technical support from the TNP2K Secretariat, SoVP will also lead medium-term evaluations and studies.
- (d) **Enabling Agencies.** Bappenas and MoF are enabling agencies that are responsible for committing plans and budget allocations to IAs that are consistent with the PforR targets and policies as agreed by the Steering Committee, as well as with the previous year's performance.
- (e) **Implementing Agencies.** The IAs are responsible for the delivery of the priority interventions and implementation of the convergence instruments, as follows:
  - (i) MoH, together with DHOs and village governments, is responsible for the delivery of nutrition-specific interventions.
  - (ii) MoEC, together with District Education Offices (DEOs) and village governments, is responsible for the delivery of nutrition-sensitive ECED services.
  - (iii) MoSA, together with District Social Affairs Offices, is responsible for the delivery of the nutrition-sensitive BPNT program.
  - (iv) MoHA is responsible for provincial technical assistance pools.
  - (v) MoV, together with District Village Development and Community Empowerment Offices (BPMD) and village governments, is responsible for supporting HDWs.
  - (vi) BPS is responsible for the implementation of the annual mini-anthropometric survey.

65. **Development Partner Coordination.** There is considerable development partner support to TNP2K, Bappenas, and MoF, as well as the IAs. Development partners will use the existing Donor UN Network on Nutrition, co-chaired by UNICEF and the World Bank, to coordinate support and activities related to the NatStrat Stunting.

## **B. Implementation Arrangements**

66. **Table 12 summarizes the core implementation responsibilities for activities under the Government program.** It also shows how these activities and responsibilities link to the World Bank's operational and ASA portfolio.



**Table 12: Implementation Responsibilities – Government Program**

| Ministry                       | Activities   | World Bank portfolio |
|--------------------------------|--|----------------------|
| National Coordination Agencies |  |                      |
| SoVP                           | Stunting summits, delivery support unit, communications, monitoring, and de-bottlenecking  | INEY                 |
| Bappenas                       | Multisectoral planning, evaluation, and prioritization; district convergence guidelines and performance assessments  | INEY                 |
| MoF                            | Multisectoral budget tagging, expenditure monitoring, and performance reviews; results-based fiscal transfer allocations, monitoring and reporting (DAK and <i>Dana Desa</i> ) | INEY                 |
| BPS                            | Annual socioeconomic and anthropometric survey; publication of annual district nutrition intervention delivery index   | INEY                 |
| Sector Ministries              |  |                      |
| MoH                            | Support for district delivery of nutrition-specific and -sensitive interventions (maternal and child health, nutrition services, BCC, and sanitation services)                 | I-SPHERE             |
|                                |  | INEY                 |
| MoPWH                          | Support for district delivery of water and sanitation infrastructure and management services   | PAMSIMAS             |
| MoEC                           | Professional Development Program for ECED Teachers, training curriculum and materials, guidelines for fiscal transfers for ECED operations (e.g., DAK ECED (Operations))       | INEY                 |
| MoSA                           | Delivery of the Family Hope Program (PKH) to poor households, and of the Food Assistance Program (Rastra/BPNT)   | PKH PforR            |
|                                |  | INEY                 |
| District Governments           |  |                      |
| MoHA                           | Provide provincial-based technical assistance pools to support districts for convergence diagnostic, planning, budgeting, and implementation                                   | INEY                 |
| Bappeda                        | Convergence diagnostics, stunting summits, action plans, coordination, data system improvement   | INEY                 |
| BPMD                           | Deploy HDWs to support villages; review village budgets; consolidate village spending reports  | INEY                 |
| DHO                            | Support Puskesmas’ delivery of nutrition-specific and -sensitive interventions   | I-SPHERE             |
|                                |  | INEY                 |
| DPWO                           | Construct WASH infrastructure, manage maintenance, oversee village activities  | PAMSIMAS             |
| DEO                            | Professional development for ECED teachers; monitoring and oversight   | INEY                 |
| DSAO                           | Support delivery of national social assistance programs (PKH & Rastra/BPNT)  | PKH PforR            |
|                                |  | INEY                 |
| Village Governments            |  |                      |
| MoV                            | Delivery capacity-building support to villages and HDWs for social mapping, village planning, village convergence scorecards, village reporting on stunting activities         | INEY                 |



67. **Table 13 summarizes the allocation of responsibilities for achievement of the DLIs under the four RAs.** It specifies both the lead responsible agency for each DLI and those agencies with a supporting role whose inputs will be critical to DLI achievement.

**Table 13: Implementation Responsibilities – INEY DLI Achievements**

| <i>Results Area</i>  | <i>Disbursement-linked Indicators</i>   | <i>Lead agency(ies)</i> |
|--|---|-------------------------|
| <b>1. Strengthening national leadership</b>                  | <b>DLI 1:</b> Public commitment of priority district leaders to accelerate stunting prevention                      | SoVP                    |
|  | <b>DLI 2:</b> Tracking and performance evaluation of national spending on priority nutrition interventions          | MoF & Bappenas          |
|  | <b>DLI 3:</b> Timely publication of annual national and district stunting rates                                     | BPS                     |
| <b>2. Strengthening delivery of national sector programs</b> | <b>DLI 4:</b> Priority districts delivery of nutrition-sensitive professional development program for ECED teachers | MoEC & MoV              |
|  | <b>DLI 5:</b> Nutrition-sensitivity of the food assistance program (BPNT)   | MoSA                    |
|  | <b>DLI 6:</b> Priority districts implementation of locally adapted IPC activities                                   | MoH                     |
| <b>3. Strengthening convergence of district activities</b>   | <b>DLI 7:</b> Predictability and results orientation of fiscal transfers that support convergence                   | Bappenas, MoF & MoHA    |
|  | <b>DLI 8:</b> Performance of districts in targeting priority nutrition interventions to 1,000-day households        | SoVP & BPS              |
| <b>4. Converging village service delivery</b>                | <b>DLI 9:</b> Villages empowered to identify 1,000-day households and converge intervention delivery                | MoV & MoF               |
|  | <b>DLI 10:</b> Village convergence of nutrition interventions on 1,000-day households                               | SoVP & MoF              |

### C. Results Monitoring and Evaluation

68. **The NatStrat Stunting Implementation Framework includes a detailed Results Framework and Implementation Plan.** TNP2K will lead the monitoring of the NatStrat Stunting in collaboration with Government partners, including Bappenas, MoF, MoHA, line ministries, and BPS. Existing data collection, budget monitoring, and planning systems will be used to monitor the NatStrat Stunting implementation. Data will be produced at lower levels of government, mainly districts and villages, and transmitted upwards to IAs at the national level. To inform monitoring, the NatStrat Stunting includes a description of program monitoring and evaluation (M&E) arrangements, a detailed results framework, and an implementation plan. In addition, a comprehensive M&E Manual will be developed to provide guidance on program M&E activities, including routine monitoring and verification, an evaluation plan, standardized data collection instruments, key information products, and strategies for the dissemination and use of M&E information to improve results.

69. **Generation of quality data for monitoring.** Data collection will focus on using timely and reliable data to monitor progress toward the indicator targets in the NatStrat Stunting results framework. Most indicators in the results framework will be reported on through a combination of BPS surveys, program implementation records, and existing budget monitoring systems such



as OM-SPAN.<sup>52</sup> The Program results indicators at the district level will be reported on through a combination of survey data (SUSENAS), Program implementation records, and DAK reports. The data required to monitor implementation at the village level will be derived from existing sectoral data collection systems and Village Convergence Scorecards that track convergence service delivery for the 1,000-day households. Data quality assurance mechanisms will be strengthened to ensure the quality and reliability of data.

**70. Using data to inform program implementation.** The data collected will be used at different levels of government. As the Executing Agency, SoVP will use the information to monitor overall Program implementation and identify areas where progress is below expectation. This will trigger diagnostics and problem-solving as necessary. Drawing on the received progress reports, TNP2K will compile annual Program implementation progress reports that in turn will inform monitoring progress on the PforR Program outcome and intermediate outcomes. SoVP, MOF, and Bappenas will also organize regular progress review meetings with participating sectors and the decentralized structures of government. The collected data will be used by line ministries and by district and village governments to track inputs, outputs, and expenditures to identify gaps and bottlenecks that affect progress toward planned targets. Once bottlenecks are identified, corrective action will be taken to bring Program implementation back on track. Lastly, the collected results information will be used for knowledge sharing and peer learning with the aim of improving performance.

#### **D. Disbursement Arrangements**

**71. Disbursements will be made against achievement of DLI targets.** Disbursements will be contingent upon the borrower's furnishing evidence satisfactory to the World Bank that it has achieved the DLI targets. Applications for withdrawal from the World Bank's financing account of amounts allocated to individual DLIs may be sent to the World Bank any time after the loan is effective and it has notified Gol in writing that it has accepted evidence of achievement of the DLIs. The withdrawal amount against the DLIs achieved will not exceed the amount of the financing confirmed by the World Bank for the specific DLIs.

**72. SoVP will submit evidence of DLI achievement annually.** Table 14 summarizes the disbursement estimates for both the PforR loan and IPF grant. Some annual allocations are scalable and non-fixed, meaning that the Bank will disburse for over-performance up to the DLIs' total allocation. Over-performance will therefore enable the Government to bring disbursement forward from Year 4 to Years 2 and 3.

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<sup>52</sup> Online Monitoring System of the Treasury and State Budget.





Table 14: Disbursement Projections

| <i>Period</i>                  | <i>PforR Disbursement<br/>(if DLI targets achieved)<br/>(\$ million)</i> | <i>IPF Disbursement<br/>(\$ million)</i> | <i>Total<br/>(\$ million)</i> |
|--------------------------------|--|--|-------------------------------|
| FY19 for Year 1 (CY18) Results | 37.2   | 6.0                                      | 43.2                          |
| FY20 for Year 2 (CY19) Results | 61.0   | 6.0                                      | 67.0                          |
| FY21 for Year 3 (CY20) Results | 138.6  | 6.0                                      | 144.6                         |
| FY22 for Year 4 (CY21) Results | 163.2  | 2.0                                      | 165.2                         |
| Total                          | 400.0  | 20.0                                     | 420.0                         |

73. **The applicable disbursement methods for the IPF Component are reimbursement and advance to the DA.** The one (1) segregated Designated Account (DA) in United States Dollars, established under the name of DG Treasury in the Ministry of Finance, will be used to finance eligible project expenditures. SoVP will be responsible for reconciling the DA and preparing applications for the withdrawal of additional advances, duly approved by DG Treasury before their submission to the Bank. Copies of the DA statements will be provided to SoVP by the Directorate for Cash Management in DG Treasury, MOF.

74. **The ceiling of the advance to the DA will be variable, and the advance(s) will be made based on six months' projected expenditures.** Reporting on the use of the DA will be based on the quarterly Interim Financial Reports (IFRs). Applications for the advance to the DA will be submitted with the reporting on use of DA funds, which will consist of (a) IFRs, Statement of Expenditures, and a list of payments for contracts under the Bank's prior review; (b) projected expenditures for six months; and (c) the DA reconciliation statement.

75. **All documentation for expenditures submitted for disbursement will be retained by the implementing unit and made available to the auditors for the annual audit, and to the Bank and its representatives, if requested.**

Table 15: Allocation of Grant Proceeds

| <i>Category description</i>                        | <i>Amount<br/>(\$)</i> | <i>Percent of<br/>expenditures to be<br/>financed (inclusive of<br/>taxes)</i> |
|--|------------------------|--|
| 1. TA, Training, Workshops and IOC for Component 1 | 16,000,000             | 100 percent  |
| 2. TA, Training, Workshops and IOC for Component 2 | 4,000,000              | 100 percent  |
| TOTAL  | 20,000,000             |  |

#### E. IPF Component: Institutional and Implementation Arrangements

76. **The Program Steering Committee (see Diagram 5) will oversee the IPF Component and approve the annual work plan and budget (AWPB).** The AWPB of the IPF Component will be aligned with the Government program to ensure the maximum effectiveness and sustainability





of the technical support. The semiannual joint monitoring reviews for the PforR and the IPF Component will be conducted together, and the scope of the review will include the NatStrat Stunting. To ensure that the IPF Component is flexible and allows for the IAs to respond to implementation challenges as they arise, the Program Steering Committee will have scope to adjust the annual work plan and budget.

77. **SoVP, which is the Executing Agency for the PforR, will also be the lead executing agency for the IPF Component.** SoVP will also be the implementing agency for Component 1A and 1B of the IPF Component. Components 1C and 2 will be implemented by Bappenas and MoHA (DG Bangda) respectively. As the lead execution agency for the IPF Component and to ensure close coordination across the implementing agencies, SoVP will submit an AWPB for the Bank's no-objection by November each year that incorporates the AWPBs for all components and subcomponents. Bappenas and DG Bangda will prepare their respective AWPBs for Subcomponent 1C and Component 2. To ensure flexibility, "umbrella TORs" will cover the key areas of technical support and an Administrative Service Firm contracted to handle contract and payment processing. The IAs will also be responsible for preparing quarterly IFRs, which will be submitted via Client Connection and will be the basis for replenishment of the Designated Account. SoVP will also prepare an annual consolidated financial report, which it will submit to both the Bank and BPK for audit purposes. Annex 8 summarizes the appraisal of the IPF Component and provides more information on institutional arrangements.

#### IV. ASSESSMENT SUMMARY

##### A. Technical

78. **The World Bank carried out a Technical Assessment that analyzed the strengths and weaknesses of the Indonesian Government in delivering stunting reduction interventions across four levels of implementation: central government, sector line ministries, districts, and villages.** The levels of implementation analyzed align with the Results Areas of the PforR Program. Drawing on the findings of the assessment, the PforR Program is designed to support the Government in strengthening intervention delivery systems; improving the flow of information; strengthening capacity and incentives for multisectoral data collection, diagnosis, planning, and learning across the delivery chain; and strengthening village, district, and national-level coordination.

79. **The PforR Program expenditure boundaries cover operational spending for the delivery of nutrition-specific interventions, select nutrition-sensitive interventions, and the six convergence instruments across three levels of government (national, district, and village).** At the national level, it includes spending at three ministries (MoH, MoEC, and MoSA) for health, ECED, and food assistance interventions, and at five ministries (SoVP, Bappenas, MoF, MoV, and MoHA) for convergence instruments. To facilitate tracking of NatStrat Stunting spending at the



national level, Bappenas and MoF will “tag” expenditure lines across ministries that are related to the program. At the district level, only operational spending financed by the DAK is included.<sup>53</sup> This spending is easier to track and covers around 70 percent of district spending on the priority interventions. At the village level, *Dana Desa* spending under the Community Empowerment sector is included in the expenditure boundaries. This existing spending category captures all non-infrastructure spending on the priority interventions.

**80. Adequate institutional and implementation arrangements are in place to implement the PforR Program.** The Technical Assessment reviewed the institutional arrangements at the center of government; the implementation arrangements for each priority intervention at the national, district, and village level; and the institutional mechanisms related to horizontal and vertical coordination. The assessment concluded that the basic institutional and implementation arrangements for multisectoral and multilevel programming are in place, but that system adjustments, capacity improvements, and stronger incentives are required to ensure that the Government achieves the stated objectives of its NatStrat Stunting Convergence Program. The Technical Assessment provides detailed analysis and includes recommendations that will inform the World Bank’s technical and implementation support. The recommendations are incorporated into the DLIs and/or the PAP (Annex 6).

**81. The Government program** incorporates lessons from Indonesia and around the world (see Box 10).

#### Box 10: Global and Indonesia Lessons Learned

##### Global Knowledge

- **The first 1,000 days of life.** The early years, or first 1,000 days, of life—from conception, through pregnancy and birth, the newborn period, infancy, and transition to primary school—is a pivotal period of development. Exposure to risks and adversities during these years can disrupt cognitive, emotional, and physical development, and hold children back from reaching their full potential. Such adversities and risks include poverty; malnutrition; lack of access to clean water and sanitation facilities; lack of nurturing care and stimulation; high levels of family stress; exposure to conflict, violence, child abuse, or neglect; and lack of access to quality healthcare and education services. An estimated 250 million young children in low- and middle-income countries are exposed to such risks (equivalent to 43 percent of all children in these countries).
- **Nutrition Intervention Convergence.** There is growing evidence that a “convergence approach”—in which coordinated multisectoral interventions are jointly targeted at selected geographical areas and the most vulnerable low-income populations—can accelerate the improvement of child health and development outcomes (Levinson, FJ. and Y. Balarajan, 2013). Such an approach has been successfully applied in Peru, Brazil, Bangladesh (Levinson, FJ. and Y. Balarajan (2013); L Huicho et al., (2016); L Huicho (2017)). For example, child

<sup>53</sup> Both the INEY and I-SPHERE PforR operations include distinct components of the special transfer for district health operational costs (DAK BOK Non-Fisik) in their program expenditure boundaries. The INEY and I-SPHERE teams have agreed on a division of national and subnational spending that avoids overlap between the two program boundaries: INEY includes nutrition activities and I-SPHERE includes maternal and child health activities.



stunting rates in Peru fell by almost half in less than a decade (2008-2016) (Huicho et al., 2016), partly because of a major multisectoral nutrition effort.

#### Peru South-South Exchange (April 2017)

- Key factors behind this success include the following:
  1. Political will and commitment at the highest level (President's office); broad social participation; convincing policymakers, public officials, and parents of the importance of early childhood interventions to encourage them to tackle the malnutrition problem.
  2. A coordinated multisectoral program that included health, nutrition, ECED, WASH, and social protection interventions.
  3. Geographic targeting to vulnerable low-income populations.
  4. Performance-based budgeting.
  5. Alignment of incentives for households, health facilities, and local government.
  6. A credible data information system, clear and achievable targets, and a monitoring and evaluation system.

#### Indonesia-specific Lessons

- Indonesia has a number of programs that have been proven to improve early childhood outcomes:
  - The community-driven development program **Healthy and Smart Generation (Generasi)** has helped reduce stunting and the prevalence of underweight children, although the latest round found that this impact was not sustained beyond 2009. The Long-Term Impact Evaluation generated valuable lessons on the role of facilitation and community mobilization, the use of performance oriented community scorecards, and multisectoral coordination, which are being further refined as part of the HDW Pilot (see Annex E of the Technical Assessment for more details on the findings and lessons from the Generasi Long-Term Impact Evaluation).
  - The **ECED Frontline Pilot** helped establish 'district-based community focused training system' for ECED teachers. The pilot confirmed the feasibility of a frontline approach to delivering professional development training for ECED teachers that combined both supply-side innovations and that empowered communities to select teachers and purchase training. Preliminary results from the evaluation showed that teachers improved their teaching practices. The pilot's sustainability and scalability assessment found that the local regulatory framework will be critical to scaling up the program and that MoEC will need to adequately invest in capacity building and oversight. These lessons will inform scale up of the pilot under RA 2 (DLI 4).
  - **Social protection programs**, such as the Government's conditional cash transfer program, PKH, have also reduced severe stunting, increased expenditure on food, improved utilization of health care services, and increased education enrollment (World Bank, 2011; TNP2K, 2015).
  - The **National Rural Water Supply and Sanitation Project (PAMSIMAS)** provided about 8 million people with access to improved water facilities, and 7.7 million people with access to improved sanitation in 10,287 villages between 2008 and 2015. More than 51 percent of target communities completely eradicated open defecation, approximately 68 percent of targeted communities adopted hand-washing programs, approximately 85 percent of targeted schools improved their sanitation facilities and hygiene programs, and 78 percent of targeted villages set up efficiently managed and financed water supply facilities.
  - An impact evaluation of another government WASH program—**Total Sanitation and Sanitation Marketing**, a rural sanitation program implemented in rural East Java—found that children living in targeted communities had lower rates of parasitic infection, and larger improvements in height and weight, compared to children in control communities outside the program (World Bank, 2013).



**82. The PforR Program will disburse against 10 agreed DLIs.** As detailed in Annex 2, the DLIs focus on critical systems adjustments in Year 1 (2018) and set ambitious targets for achievements in Years 2-4 (2019-2021). The analysis that underpins the systems adjustments is detailed in the Technical Assessment. Although the PforR Program's aim is to contribute to the reduction of stunting rates by preventing growth faltering in the first 1,000 days of life, there is no specific DLI on stunting because reducing stunting rates takes time and reductions are not likely to be picked up in a year. Stunting rates will be measured and publicized regularly to determine progress and assess performance. In addition, much attention will be given to strengthening performance at the village and district levels in monitoring child growth and preventing stunting by intervening early.

**83. M&E systems have the necessary foundations to function but require strengthening in the areas of data quality, data sharing, and data use in planning, budgeting, and oversight.** The Technical Assessment of the NatStrat Stunting's M&E arrangements and systems covered the national, district, and village levels. The assessment concluded that (a) there is a relatively robust strategic planning foundation for M&E at all levels of government, but these plans do not always include nutrition intervention indicators and targets; (b) key M&E system elements are present at all levels of government, but many systems require strengthening to be able to provide reliable information on nutrition interventions; (c) data quality remains an issue, particularly with the lack of robust data quality assurance mechanisms at different levels; (d) staff responsible for M&E have minimal formal training at all levels; (e) health and education data are collected, reported, and used routinely at lower levels of government, but there is limited use of M&E systems at the national level; and (f) while citizens provide some feedback on results and service delivery through consultations and complaints handling mechanisms, there is little dissemination of results information.

**84. The economic analysis confirms that the PforR Program will generate positive economic returns.** Improving child nutrition and early development outcomes, especially in the first 1,000 days, is critical for building human capital. The cognitive and socioemotional skills acquired during the earlier years form the basis for future learning and productivity. Human capital matters for the economy as the literature suggests that between 10 and 30 percent per capita income differences can be attributed to cross-country difference in human capital. Reductions in stunting can increase GDP by 4-11 percent in Asia and Africa. At the individual level, chronic malnutrition in childhood is estimated to reduce a person's potential lifetime earnings by at least 10 percent (World Bank 2006). The recent Lancet series on early childhood development estimates that, every year, not addressing developmental needs of children in the first 1,000-day window costs developing countries between 2.5 and 12.7 percent of their GDP.<sup>54</sup> Interventions aimed at improving child nutrition and development have been identified as some of the most cost-effective development actions. The recently published global investment framework for

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<sup>54</sup> Richter et al., 2016.



nutrition<sup>55</sup> demonstrates that one dollar invested in interventions targeting malnutrition could bring between \$4 and \$35 in economic benefits. Indonesia has one of the highest benefit-cost ratios for investments in stunting reduction; it is estimated that every dollar spent generates \$48 in economic return.<sup>56</sup>

**85. A comprehensive economic analysis of the INEY interventions targeting pregnant women and infants under 24 months shows that stunting could be averted for a significant number of children.** The most conservative estimate, using a model with only those interventions for which there is direct evidence, shows 1.1 million stunting cases averted. A more optimistic scenario shows that stunting could be averted for over 2 million children. The estimates are based on the scaling up from 100 to all 514 districts in 2021, foreseen in the NatStrat Stunting and supported by INEY.

**86. Rationale for public sector provision/financing.** In general terms, public investment in health and nutrition focusing on women, infants, and young children can be rationalized on the basis of its nature as a merit good (a good whose availability should not depend on the ability to pay). In addition, public financing, regulation, and even provision of health and nutrition services are justifiable because of widely recognized market failures resulting from information asymmetries, presence of supplier-driven demand, complex and opaque production functions, and other market imperfections. Therefore, in Indonesia, as in most countries in the region, basic health and nutrition services, including those whose provision will be supported by the proposed program, are already provided primarily through the public sector. Public financing and provision of health and nutrition services are necessary to improve the efficiency and equity of service delivery.

**87. The results of the economic analysis show that the program is also expected to prevent about 3,600 deaths in children under 5 years of age and about 122,000 annual cases of anemia in pregnant women.** Given this impact on health and nutrition status, the PforR financing would generate economic benefits with a net present value of \$2.3 billion over the productive lives of women and children, with an internal rate of return of 5 percent.

## B. Fiduciary

**88. The Fiduciary Systems Assessment (FSA) conducted according to the World Bank's PforR Financing policy/directive concludes that the Program's fiduciary systems provide reasonable assurance that the financing proceeds will be used for intended purposes, provided the agreed fiduciary risk mitigation plan is implemented.** The FSA reviewed the capacity of the PforR Program's Executing Agency (SoVP) and implementing agencies (IAs) to manage the PforR Program, which includes planning, budgeting, procurement, execution, recording, controlling

<sup>55</sup> Shekar et al., 2016.

<sup>56</sup> Hoddinott, J., Alderman, H., Behrman, J. R., Haddad, L., and Horton, S. (2013), "The Economic Rationale for Investing in Stunting Reduction." *Maternal Child Nutrition* 9: 69–82.



and producing timely, relevant, and reliable financial information.

89. **Procurement spending under the PforR Program is expected to be only a small portion of the total Program expenditure and mainly includes procurement of goods and non-consulting services.** Procurement under the Program is to be carried out by all IAs in their delivery of the priority interventions within the PforR Program's expenditure boundary (MoH, MoEC, MoSA as well as district and village governments) and by the IAs implementing the convergence instruments (SoVP, Bappenas, MoF, MoV and BPS). Procurement under the Program is limited to only a small number of contracts for goods such as procurement of medicine, vitamins, and medical equipment and non-consulting services such as for organizing training, workshops, and services. The IAs generally follow the competitive procurement methods under Presidential Regulation 54/2010 and its subsequent revisions and use the country's e-procurement system, which are aimed to support economy, efficiency, and transparency in the procurement processes. The government procurement regulation also includes provisions for bidders to submit complaints related to the procurement process. Some activities under the Program will also be carried out through *swakelola* (self-management) at the village level. None of the contracts under the Program are expected to be of large value exceeding the Operational Procurement Review Committee threshold.

90. **The PforR Program's fiduciary risk is rated as High.** This is mainly because program implementation involves a unique multi-sectoral structure with multiple implementing agencies that may make it difficult for the SoVP to: (a) monitor and supervise the budget preparation, procurement, and execution of the overall Program; (b) prepare consolidated program financial reports or budget realization reports (LRA) without delays; and (c) assess the overall efficiency and effectiveness of Program expenditure. The mitigation measures listed below will bring the residual fiduciary risk of the Program down to Substantial.

| Risk   | Mitigation Measures   |
|--|---|
| <ul style="list-style-type: none"><li>Complex multi-sectoral program organization structure and lack of coordination amongst the multiple IAs may make it difficult for the Executing Agency (SoVP) to monitor and supervise fiduciary performance of the overall Program.</li></ul> | <ul style="list-style-type: none"><li>The SoVP to assign dedicated personnel to coordinate, monitor and supervise FM and Procurement performance of the IAs under the overall Program.</li><li>Include as part of the Program Operations Manual, clear procedures, roles and responsibilities of SoVP and of the IAs in carrying out their respective fiduciary functions, covering Program planning, budgeting, procurement, implementation, monitoring, reporting, evaluation, and coordination.</li><li>Provide technical assistance, using the IPF Component, to strengthen SoVP fiduciary capacity, particularly in monitoring and reporting procurement and financial performance of the overall program, and program audit arrangements.</li></ul> |



91. **The IPF Component's Fiduciary risk is Substantial.** This is mainly due to lack of prior experience of SoVP, one of the two Executing Agencies of the IPF Component, in managing Bank-financed projects, including the Bank's FM and Procurement requirements. The other Executing Agencies, Bappenas and MoHA, have experience of carrying out Procurement and FM under Bank-financed projects. Procurement under the IPF Component will be carried out under the World Bank's Procurement Framework in accordance with the Procurement Regulations for IPF Borrowers dated July 2016 and revised November 2017, and the provisions of the Financing Agreement. Procurement under this component is expected to be limited to consultant services for supporting technical assistance activities and will include hiring of consultant firms and individuals. The risks associated with the weak FM and procurement capacity will be mitigated through two measures: (a) the Bank will provide FM and Procurement training to the relevant staff of SoVP, Bappenas and MoHA; and (b) technical assistance will be provided to SoVP, Bappenas and MoHA in the form of qualified FM and Procurement consultants to assist in carrying out FM and Procurement under the IPF Component and to support the monitoring and evaluation of FM and procurement performance under the overall Program. For both the PforR Program and IPF components, all Implementing Agencies will be required to comply with the application of the Bank's Anti-Corruption Guidelines. Further details of the fiduciary arrangements, including the risks and mitigation measures are provided in Annex 8.

### **C. Environmental and Social**

92. **An Environmental and Social Systems Assessment (ESSA) of the PforR Program was conducted as part of the preparation process.** The ESSA examined the environmental and social management systems that are applicable to the Program to assess their compliance with the World Bank Policy Program-for-Results Financing (December 2017). It aimed to ensure that the PforR Program's environmental and social risks will be managed adequately and that it complies with the basic principles of sustainable development. The scope of the ESSA includes the assessment of:

- (a) Potential environmental and social risks and benefits.
- (b) Environmental and social systems that apply to the program.
- (c) Implementation experience and capacity.
- (d) System and performance consistency with key principles.
- (e) Steps to improve the scope of the system or capacity.

93. **The preparation of this ESSA report was based on a desktop information review, field visits, and consultations undertaken at the central and subnational levels.** The preparation of the PforR Program involved consultations and engagement with the following key stakeholders:

- (a) **Central Government Agencies.** The Program Assessment involved intensive policy and technical engagement with Echelons I, II, and III, as well as technical staff from the SoVP,





Bappenas, Menko PMK, MoF, MoH, MoEC, MoPWH, MoSA, MoHA, MOEF, and MoV through a total of 82 consultations.

- (b) **District Governments.** The Program Assessment involved intensive technical engagement with district heads, district planning departments (Bappeda), district financial management offices (DPKD), district sector departments (Health, Public Works, Education, Social Affairs, Environment and Village Development and Community Empowerment) in eight districts from seven provinces between November 2017 and February 2018. It also included consultations with Camat (subdistrict heads), Puskesmas heads, and technical staff in 18 subdistricts.
- (c) **Village Governments.** The Program Assessment included consultations with village heads, Posyandu cadres, ECED teachers, water and sanitation cadres, community leaders, and religious figures from 36 villages across 8 districts.
- (d) **Civil Society Organizations.** As part of the preparation process the Program Assessment team engaged with the Scaling Up Nutrition (SUN) Movement<sup>57</sup> Secretariat, Nutrition International, University of Indonesia, Survey Meter, and Tanoto Foundation.
- (e) **Development Partners.** The Program Assessment included consultations with DFAT, UNICEF, and MCC/MCA-I. It also included discussions with other relevant programs including MAHKOTA (Towards a Strong and Prosperous Indonesia), KOMPAK (Indonesia Governance for Growth), and MAMPU (Empowering Indonesian Women for Poverty Reduction).
- (f) **Private Sector.** Engagement with the private sector was more limited, given the nature of the NatStrat Stunting program, and included only Indofood<sup>58</sup> and the SUN Business Network.

94. **The PforR Program does not have a single system related to environment and social performance.** Therefore, the assessment focused on key systems that affect the health, particularly the sexual and reproductive health, of women and adolescent girls; social inclusion for vulnerable groups; community planning and participation; WASH; health and education service delivery at the household and village levels, including male participation; and the relevant provisions and systems that underpin the Village Law. Similarly, the environmental assessment focused on reviewing the adequacy and implementation of relevant national policy, regulations and guidelines related to the handling, distribution, and storage of supplements and vaccines as well as the safe handling of medical wastes (at the Primary Health Care Facility).

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<sup>57</sup> The Government's commitment and initiatives to reduce stunting are part of the Global SUN Movement, which was launched in 2010 under the basic principle that all citizens have the right to gain access to sufficient and nutritious food. Indonesia joined the movement in 2011 upon delivery of a letter of participation by the Minister of Health to the United Nations Secretary-General. The movement is now endorsed by 57 developing countries, including Indonesia, and over 100 partners and nearly 3000 community service organizations.

<sup>58</sup> Indofood is a major Indonesian company involved in the food industry.





95. **Overall, the risk assessment and screening suggest that the environmental impact of the program is likely to be positive, helping to ensure that women and children have access to, and make use of, improved drinking water supply and better sanitation facilities and sanitation conditions.**<sup>59</sup> Main environmental issues and risks are expected to be moderate and related to pharmaceutical waste disposal system managed by Posyandu and Puskesmas. Measures to strengthen system performance for environmental management are (a) strengthening the relevant institutions to understand and manage pharmaceutical waste; and (b) promoting hygiene practices.

96. **Social effects are likely to arise from the activities associated with RA 4 (Converging village service delivery), RA 2 (Strengthening delivery of sector programs), and RA 3 (Strengthening convergence of district activities).** The ESSA considered social effects related to the ability of individuals, households, and groups to obtain basic services in an accessible, safe, and inclusive manner. It also considered whether educational information, BCC, and information on nutrition-specific interventions, particularly health services, are delivered in a way that takes into consideration local context, including literacy, language, and cultural aspects of the beneficiaries. This includes ensuring informed consent and making available a process for raising complaints and concerns. The potential for inequality and conflict can stem from real or perceived differences in how the benefits of the program are distributed, so that it is important to have an effective grievance system at the village level. If village-level systems are inclusive and participatory and managed well, the most vulnerable stand to benefit. In this light, it is expected that Indigenous Peoples, if present in the targeted communities, should benefit from the program, and vulnerable groups and Indigenous Peoples should not be adversely affected. Poorer families, less educated mothers, young mothers, older mothers, unmarried mothers, single-parent families or child-headed households, and parents with HIV status are likely to be the most vulnerable. Based on the ESSA, the Program is expected to contribute to addressing equity issues, and therefore the risk has been rated as low.

97. **The PforR is not currently planning to support infrastructure investments; the infrastructure activities related to water, sanitation, and hygiene (WASH) are funded through the PAMSIMAS Project (P085375).** The activities supported by the PforR are not expected to have adverse impacts on natural habitats, physical cultural property, natural resources, or the assets or livelihoods of people. System assessments related to environmental and social risk and impact management emerging from land acquisition, land conversion, and infrastructure activities are therefore not within the scope of this ESSA.

98. **Communities and individuals who believe that they are adversely affected as a result of a Bank-supported PforR operation, as defined by the applicable policy and procedures, may submit complaints to the existing program grievance redress mechanism or the World Bank's**

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<sup>59</sup> As noted above, the INEY PforR will support the coordination of WASH programs at MoPWH and the uptake and utilization of water and sanitation facilities, but it will not finance the infrastructure itself.



**Grievance Redress Service**, which ensures that complaints received are promptly reviewed and pertinent concerns addressed. Affected communities and individuals may submit a complaint to the World Bank's independent Inspection Panel, which determines whether harm occurred, or could occur, because of the World Bank's noncompliance 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, please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the World Bank Inspection Panel, please visit [www.inspectionpanel.org](http://www.inspectionpanel.org).

## D. Risk Assessment

99. **The overall risk of the proposed program is rated (H) High before additional mitigation measures.** There are several risks to the program, including the multisectoral and multilevel nature of the NatStrat Stunting Convergence Program, which requires an inherently complex design; and the complex institutional and implementation arrangement that involves two enabling agencies, six IAs, and district and village governments. Mitigation measures for four risk categories, detailed below, reduce the post-mitigation overall risk rating to Substantial.

Table 17: Risk Assessment

| <i>Risk category</i>  | <i>Rating<br/>(H, S, M, L)</i> |
|---|--------------------------------|
| 1. Political and Governance                                     | S                              |
| 2. Macroeconomic  | L                              |
| 3. Sector Strategies and Policies                               | M                              |
| 4. Technical Design of Project or Program                       | H                              |
| 5. Institutional Capacity for Implementation and Sustainability | H                              |
| 6. Fiduciary  | H                              |
| 7. Environment and Social                                       | M                              |
| 8. Stakeholders   | M                              |
| 9. Other  | -                              |
| OVERALL   | H                              |

100. **Political and Governance.** A multisectoral and multilevel program such as the NatStrat Stunting requires strong and sustained leadership support to convene multisectoral actions and to allocate adequate resources to address key determinants of stunting. The upcoming 2019 election poses a significant risk to the sustainability of political support. The mitigation strategy includes continued advocacy through a national awareness campaign and mobilizing support from diverse stakeholders, including civil society organizations, academicians, and local-level stakeholders through events such as Stunting Leadership Summits, including at the national level. The IPF Component will support SoVP in establishing a communication team that will help mitigate this risk.



101. **Technical Design.** The technical design is rated High because of its complexity. The Program promotes the adoption of a multisectoral convergence approach, including selected proven interventions that address the immediate and underlying determinants of stunting, and a mix of convergence instruments to incentivize results at the national, subnational, community, and household levels. For this to succeed, the program is seeking to work across ministries and agencies (SoVP, MoF, Bappenas, Menko PMK, MoH, MoV, MoSA, MoEC, MoHA, and MoPWH) at the national level and with decentralized local governments. To mitigate the risk, the program will build and institutionalize mechanisms to create national and subnational commitment to tackle stunting. Further, the IPF Component will strengthen the function of the Program Steering Committee to facilitate collaboration and coordination among the enabling agencies and IAs. Particularly at the decentralized level, the IPF Component will provide technical assistance to MoHA, which plays a key role in ensuring the alignment of national and local priorities.

102. **Institutional Capacity.** The Executing Agency (SoVP), and most of the IAs have no experience implementing a PforR operation (except MoSA). Capacity for managing effective multisectoral programs is generally constrained and will require significant technical and implementation support. The capacity of the IVA is also limited; BPKP experience currently amounts to one year each for two new PforR operations. Mitigation measures include providing PforR training for central-level staff during program preparation as well during the early implementation stage. Throughout the preparation stage, the team has worked with the Government to identify needed technical assistance and coordinated with other development partners to mobilize resources, including for the IVA. The IPF Component will address capacity constraints at two levels: Component 1 will focus on strengthening the capacity of SoVP, IAs, and Bappenas, and Component 2 will focus on subnational capacity building. The Bank will also provide technical capacity building to the BPKP, particularly for Year 2 and onwards when it is required verify subnational achievements.

103. **Fiduciary.** The fiduciary risk is rated high because program implementation involves a unique multisectoral structure with multiple implementing agencies that may make it difficult for SoVP to: (a) monitor and supervise the budget preparation, procurement, and execution of the overall Program; (b) prepare consolidated program financial reports or budget realization reports (LRA) without delays; and (c) assess the overall efficiency and effectiveness of Program expenditure. It is proposed that these risks be mitigated through (a) the assignment of additional dedicated staff at SoVP to coordinator, monitor and supervise FM and procurement performance at the implementing agencies; (b) the adoption of a POM with clear procedures, roles and responsibilities for SoVP and the IAs in carrying out fiduciary functions covering Program planning, budgeting, procurement, implementation, monitoring, reporting, evaluation and coordination; and c) the provision of technical assistance to strengthen SoVP fiduciary capacity, particularly in monitoring and reporting procurement and financial performance of the overall program, and program audit arrangements. These additional mitigation measures will bring the overall fiduciary risk rating down to substantial.



## ANNEX 1. RESULTS FRAMEWORK MATRIX

| PDO Indicators by Objectives / Outcomes   | DLI    | CRI | Unit of Measure | Baseline | Intermediate Targets (IT) |        |        | End Target |
|---|--------|-----|-----------------|----------|---------------------------|--------|--------|------------|
|   |        |     |                 |          | Y1                        | Y2     | Y3     |            |
| Results Area 1: Strengthening national leadership   |        |     |                 |          |                           |        |        |            |
| Public commitments of Priority District leaders to accelerate stunting prevention                 | DLI 1  |     | Number          | 0.00     | 60.00                     | 96.00  | 234.00 | 308.00     |
| Results Area 2: Strengthening delivery of national sector programs                                |        |     |                 |          |                           |        |        |            |
| Priority Districts implementation of locally-adapted interpersonal communication (IPC) activities | DLI 6  |     | Number          | 0.00     | 80.00                     | 128.00 | 312.00 | 380.00     |
| Results Area 3: Strengthening convergence of district activities                                  |        |     |                 |          |                           |        |        |            |
| Performance of districts in targeting priority nutrition interventions                            | DLI 8  |     | Percentage      | 55.00    |                           |        | 69.00  | 77.00      |
| Consumption of IFA supplements during pregnancy   |        |     | Percentage      | 32.70    |                           | 40.00  | 50.00  | 60.00      |
| Results Area 4: Converging village service delivery   |        |     |                 |          |                           |        |        |            |
| Village-level convergence of nutrition interventions on 1,000-day households.                     | DLI 10 |     | Percentage      | 5.00     |                           |        | 25.00  | 45.00      |

| Intermediate Results Indicators by Results Areas  | DLI   | CRI | Unit of Measure | Baseline                                      | Intermediate Targets (IT)              |   |   | End Target   |
|---|-------|-----|-----------------|---|--|---|---|--------------|
|   |       |     |                 |   | Y1                                     | Y2  | Y3  |              |
| Results Area 1: Strengthening national leadership   |       |     |                 |   |  |   |   |              |
| Tracking and performance evaluation of national spending on priority nutrition interventions          | DLI 2 |     | Text            | Ad hoc performance reports and budget reviews | Tagging and tracking systems developed | Six monthly performance reports issued and reviewed         | Performance report issued and budget reviewed               |              |
| Timely publication of annual national and district stunting rates                                     | DLI 3 |     | Text            | 4-5 year gap between surveys                  | March 2019 SUSE NAS guidelines issued  | National and district stunting rates published by September | National and district stunting rates published by September | national and |
| Results Area 2: Strengthening delivery of national sector programs                                    |       |     |                 |   |  |   |   |              |
| Priority Districts delivery of nutrition-sensitive professional development program for ECED Teachers | DLI 4 |     | Number          | 0.00  | 0.00                                   | 100.00  | 200.00  | 300.00       |
| Beneficiaries receiving food assistance program (BNPT) in   | DLI 5 |     | Percentage      | 0.00  | 60.00                                  |   |   | 90.00        |

|  |       |  |            |  |  |  |        |  |
|--|-------|--|------------|--|--|--|--------|--|
| Priority Districts   |       |  | e          |  |  |  |        |  |
| E-warungs in Priority Districts disbursing BPNT benefits have all eligible food items available including additional nutritional items |       |  | Percentage | 0.00   |  |  | 50.00  | 80.00  |
| Incorporation of women's empowerment programs in SRAS list of priority nutrition-sensitive interventions                               |       |  | Text       | Women's empowerment programs not included                        |  |  |        | Women's empowerment programs included  |
| Results Area 3: Strengthening convergence of district activities   |       |  |            |  |  |  |        |  |
| Predictability and results-orientation of fiscal transfers that support convergence  | DLI 7 |  | Text       | Fragmented guidelines, financing and low performance orientation | Consolidated program and financing guidelines, and annual performance assessment | Consolidated program and financing guidelines, and annual performance assessment |        | Consolidated program and financing guidelines, and annual performance assessment |
| Results Area 4: Converging village service delivery  |       |  |            |  |  |  |        |  |
| Villages empowered to identify 1,000-day households and converge intervention delivery   | DLI 9 |  | Number     | 0.00   |  | 96.00  | 234.00 | 308.00   |
| Men's participation in community nutrition counselling   |       |  | Percentage | 20.00  |  | 30.00  | 30.00  | 40.00  |





### Monitoring & Evaluation Plan: PDO Indicators

|   |   |
|---|---|
| <b>Indicator Name</b>                     | Public commitments of Priority District leaders to accelerate stunting prevention                 |
| <b>Frequency</b>                          | Annually  |
| <b>Data Source</b>                        | Activity reports  |
| <b>Methodology for Data Collection</b>    | See DLI 1 in Annex 2.   |
| <b>Responsibility for Data Collection</b> | SoVP  |
| <b>Indicator Name</b>                     | Priority Districts implementation of locally-adapted interpersonal communication (IPC) activities |
| <b>Frequency</b>                          | Annually  |
| <b>Data Source</b>                        | IDHAS   |
| <b>Methodology for Data Collection</b>    | Routine reporting   |
| <b>Responsibility for Data Collection</b> | MoH   |
| <b>Indicator Name</b>                     | Performance of districts in targeting priority nutrition interventions                            |
| <b>Frequency</b>                          | 2020 and 2021   |
| <b>Data Source</b>                        | Nutrition intervention index generated from BPS's annual socio-economic survey (Susenas).         |
| <b>Methodology for Data Collection</b>    | See DLI 8 in Annex 2.   |
| <b>Responsibility for Data Collection</b> | BPS   |

|   |   |
|---|---|
| <b>Indicator Name</b>                     | Consumption of IFA supplements during pregnancy                               |
| <b>Frequency</b>                          | Annual  |
| <b>Data Source</b>                        | SUSENAS   |
| <b>Methodology for Data Collection</b>    | Standard SUSENAS data collection, cleaning and analysis.                      |
| <b>Responsibility for Data Collection</b> | BPS   |
| <b>Indicator Name</b>                     | Village-level convergence of nutrition interventions on 1,000-day households. |
| <b>Frequency</b>                          | 2020 and 2021.  |
| <b>Data Source</b>                        | OM-SPAN   |
| <b>Methodology for Data Collection</b>    | Routine village reports (see DLI 9 in Annex 2)                                |
| <b>Responsibility for Data Collection</b> | DG Fiscal Balance, MoF  |

| Monitoring & Evaluation Plan: Intermediate Results Indicators |   |
|---|---|
| Indicator Name  | Tracking and performance evaluation of national spending on priority nutrition interventions          |
| Frequency   | Semi-annually   |
| Data Source   | Routine reporting   |
| Methodology for Data Collection                               | Expenditure tagging   |
| Responsibility for Data Collection                            | SoVP  |
| Indicator Name  | Timely publication of annual national and district stunting rates                                     |
| Frequency   | Annually  |
| Data Source   | Website   |
| Methodology for Data Collection                               | Routine report  |
| Responsibility for Data Collection                            | BPS   |
| Indicator Name  | Priority Districts delivery of nutrition-sensitive professional development program for ECED Teachers |
| Frequency   | Annual  |
| Data Source   | Program Reports   |
| Methodology for Data Collection                               | Routine reporting   |
| Responsibility for Data Collection                            | MoEC  |

|   |  |
|---|--|
| <b>Indicator Name</b>                     | Beneficiaries receiving food assistance program (BNPT) in Priority Districts   |
| <b>Frequency</b>                          | 2018 & 2019  |
| <b>Data Source</b>                        | PMIS   |
| <b>Methodology for Data Collection</b>    | Routine reporting  |
| <b>Responsibility for Data Collection</b> | MoSA   |
| <b>Indicator Name</b>                     | E-warungs in Priority Districts disbursing BPNT benefits have all eligible food items available including additional nutritional items |
| <b>Frequency</b>                          | 2020 & 2021  |
| <b>Data Source</b>                        | PMIS   |
| <b>Methodology for Data Collection</b>    | Routine reporting  |
| <b>Responsibility for Data Collection</b> | DG-PFM, MoSA   |
| <b>Indicator Name</b>                     | Incorporation of women's empowerment programs in SRAS list of priority nutrition-sensitive interventions                               |
| <b>Frequency</b>                          | Once   |
| <b>Data Source</b>                        | Government policy document   |
| <b>Methodology for Data Collection</b>    | Routine reporting  |
| <b>Responsibility for Data Collection</b> | SoVP   |

|   |  |
|---|--|
| <b>Indicator Name</b>                     | Predictability and results-orientation of fiscal transfers that support convergence    |
| <b>Frequency</b>                          | Annual   |
| <b>Data Source</b>                        | IVA Verification Report  |
| <b>Methodology for Data Collection</b>    | Routine reporting  |
| <b>Responsibility for Data Collection</b> | Bappenas, MoF and MoHA   |
| <b>Indicator Name</b>                     | Villages empowered to identify 1,000-day households and converge intervention delivery |
| <b>Frequency</b>                          | Annually   |
| <b>Data Source</b>                        | OM-SPAN  |
| <b>Methodology for Data Collection</b>    | Routine Dana Desa reporting  |
| <b>Responsibility for Data Collection</b> | DJ-PK, MoF   |
| <b>Indicator Name</b>                     | Men's participation in community nutrition counselling                                 |
| <b>Frequency</b>                          | Annual (2020-2021)   |
| <b>Data Source</b>                        | Village Convergence Scorecards   |
| <b>Methodology for Data Collection</b>    | Dana Desa Reports  |
| <b>Responsibility for Data Collection</b> | MoF & MoV  |

## ANNEX 2. Disbursement-linked Indicators, Disbursement Arrangements, and Verification Protocols

| Disbursement Linked Indicators Matrix |  |                 |                              |                                |
|---------------------------------------|--|-----------------|------------------------------|--------------------------------|
| <b>DLI 1</b>                          | Public commitment of Priority District leaders to accelerate stunting prevention             |                 |                              |                                |
| Type of DLI                           | Scalability  | Unit of Measure | Total Allocated Amount (USD) | As % of Total Financing Amount |
| Intermediate Outcome                  | No   | Number          | 20,000,000.00                | 0.00                           |
| Period                                | Value  |                 | Allocated Amount (USD)       | Formula                        |
| Baseline                              | 0.00   |                 |                              |                                |
| 2018 (Semester 2)                     | 60.00  |                 | 5,000,000.00                 |                                |
| 2019                                  | 96.00  |                 | 5,000,000.00                 |                                |
| 2020                                  | 234.00   |                 | 5,000,000.00                 |                                |
| 2021                                  | 308.00   |                 | 5,000,000.00                 |                                |
| <b>DLI 2</b>                          | Tracking and performance evaluation of national spending on priority nutrition interventions |                 |                              |                                |
| Type of DLI                           | Scalability  | Unit of Measure | Total Allocated Amount (USD) | As % of Total Financing Amount |
| Output                                | No   | Text            | 20,000,000.00                | 0.00                           |
| Period                                | Value  |                 | Allocated Amount (USD)       | Formula                        |
| Baseline                              | Ad hoc performance reports and budget reviews  |                 |                              |                                |

|                    |   |                        |                                     |                                       |
|--------------------|---|------------------------|-------------------------------------|---------------------------------------|
| 2018 (Semester 2)  | Tagging and tracking systems developed  |                        | 4,000,000.00                        |                                       |
| 2019               | Six monthly performance report issued   |                        | 6,000,000.00                        |                                       |
| 2020               | Performance report issued and budget reviewed   |                        | 6,000,000.00                        |                                       |
| 2021               | Performance report issued and budget reviewed   |                        | 4,000,000.00                        |                                       |
| <b>DLI 3</b>       | Timely publication of annual national and district stunting rates                                     |                        |                                     |                                       |
| <b>Type of DLI</b> | <b>Scalability</b>  | <b>Unit of Measure</b> | <b>Total Allocated Amount (USD)</b> | <b>As % of Total Financing Amount</b> |
| Output             | No  | Text                   | 30,000,000.00                       | 0.00                                  |
| <b>Period</b>      | <b>Value</b>  |                        | <b>Allocated Amount (USD)</b>       | <b>Formula</b>                        |
| Baseline           | 4-5 year gap between surveys  |                        |                                     |                                       |
| 2018 (Semester 2)  | March 2019 SUSENAS guidelines issued  |                        | 3,000,000.00                        |                                       |
| 2019               | National and district stunting rates published by September   |                        | 9,000,000.00                        |                                       |
| 2020               | National and district stunting rates published by September   |                        | 9,000,000.00                        |                                       |
| 2021               | National and district stunting rates published by September   |                        | 9,000,000.00                        |                                       |
| <b>DLI 4</b>       | Priority Districts delivery of nutrition-sensitive professional development program for ECED Teachers |                        |                                     |                                       |
| <b>Type of DLI</b> | <b>Scalability</b>  | <b>Unit of Measure</b> | <b>Total Allocated Amount (USD)</b> | <b>As % of Total Financing Amount</b> |



|                      |   |                        |                                     |  |
|----------------------|---|------------------------|-------------------------------------|--|
| Intermediate Outcome | Yes   | Number                 | 32,000,000.00                       | 0.00   |
| <b>Period</b>        | <b>Value</b>  |                        | <b>Allocated Amount (USD)</b>       | <b>Formula</b>   |
| Baseline             | 0.00  |                        |                                     |  |
| 2018 (Semester 2)    |   |                        | 2,000,000.00                        | Issuance of enhanced materials and ECED Teacher Handbook on    |
| 2019                 | 100.00  |                        | 6,250,000.00                        | \$25,000 + \$37,500 per Priority District (per protocol below) |
| 2020                 | 200.00  |                        | 10,000,000.00                       | \$25,000 + \$37,500 per Priority District (per protocol below) |
| 2021                 | 300.00  |                        | 13,750,000.00                       | \$25,000 + \$37,500 per Priority District (per protocol below) |
| <b>DLI 5</b>         | Nutrition-sensitivity of the food assistance program (BPNT) |                        |                                     |  |
| <b>Type of DLI</b>   | <b>Scalability</b>  | <b>Unit of Measure</b> | <b>Total Allocated Amount (USD)</b> | <b>As % of Total Financing Amount</b>                          |
| Intermediate Outcome | Yes   | Percentage             | 65,000,000.00                       | 0.98   |
| <b>Period</b>        | <b>Value</b>  |                        | <b>Allocated Amount (USD)</b>       | <b>Formula</b>   |
| Baseline             | 0.00  |                        |                                     |  |
| 2018 (Semester 2)    | 60.00   |                        | 10,000,000.00                       | \$500,000 per percentage point above 40% up to 60%             |
| 2019                 | 90.00   |                        | 16,000,000.00                       | \$400,000 per percentage point above 60% up to 90%             |
| 2020                 | 50.00   |                        | 21,000,000.00                       | \$850,000 per percentage point above 30% up to 50%             |

|                      |   |                        |                                     |  |
|----------------------|---|------------------------|-------------------------------------|--|
| 2021                 | 80.00   |                        | 18,000,000.00                       | \$600,000 per percentage point above 50% up to 80%   |
| <b>DLI 6</b>         | Priority Districts implementation of locally-adapted interpersonal communication (IPC) activities |                        |                                     |  |
| <b>Type of DLI</b>   | <b>Scalability</b>  | <b>Unit of Measure</b> | <b>Total Allocated Amount (USD)</b> | <b>As % of Total Financing Amount</b>                |
| Intermediate Outcome | Yes   | Number                 | 45,000,000.00                       | 0.68   |
| <b>Period</b>        | <b>Value</b>  |                        | <b>Allocated Amount (USD)</b>       | <b>Formula</b>                                       |
| Baseline             | 0.00  |                        |                                     |  |
| 2018 (Semester 2)    | 80.00   |                        | 4,000,000.00                        | \$50,000 per Priority District (up to 80 districts)  |
| 2019                 | 128.00  |                        | 6,400,000.00                        | \$50,000 per Priority District (up to 128 districts) |
| 2020                 | 312.00  |                        | 15,600,000.00                       | \$50,000 per Priority District (up to 312 districts) |
| 2021                 | 380.00  |                        | 19,000,000.00                       | \$50,000 per Priority District (up to 380 districts) |
| <b>DLI 7</b>         | Predictability and results-orientation of fiscal transfers that support convergence               |                        |                                     |  |
| <b>Type of DLI</b>   | <b>Scalability</b>  | <b>Unit of Measure</b> | <b>Total Allocated Amount (USD)</b> | <b>As % of Total Financing Amount</b>                |
| Intermediate Outcome | No  | Text                   | 16,000,000.00                       | 0.24   |
| <b>Period</b>        | <b>Value</b>  |                        | <b>Allocated Amount (USD)</b>       | <b>Formula</b>                                       |
| Baseline             | 0.00  |                        |                                     |  |
| 2018 (Semester 2)    | Program guidelines issued, Presidential Decree  |                        | 4,000,000.00                        |  |

|                   |  |                 |                              |   |
|-------------------|--|-----------------|------------------------------|---|
|                   | published  |                 |                              |   |
| 2019              | Proposal Guidelines for 2020 issued, performance assessment conducted and published            |                 | 4,000,000.00                 |   |
| 2020              | Proposal Guidelines for 2021 issued, performance assessment conducted and published            |                 | 4,000,000.00                 |   |
| 2021              | Proposal Guidelines for 2022 issued, performance assessment conducted and published            |                 | 4,000,000.00                 |   |
| DLI 8             | Performance of districts in targeting priority nutrition interventions to 1,000-day households |                 |                              |   |
| Type of DLI       | Scalability  | Unit of Measure | Total Allocated Amount (USD) | As % of Total Financing Amount                                |
| Output            | No   | Text            | 70,000,000.00                | 1.06  |
| Period            | Value  |                 | Allocated Amount (USD)       | Formula   |
| Baseline          | Average national achievement 55%   |                 |                              |   |
| 2018 (Semester 2) |  |                 | 0.00                         |   |
| 2019              |  |                 | 0.00                         |   |
| 2020              | Increase in targeted household access  |                 | 35,000,000.00                | \$7 million for each 1% increase above the threshold level up |
| 2021              | Increase in targeted household access  |                 | 35,000,000.00                | \$7 million for each 1% increase above the threshold level up |

|                      |  |                        |                                     |  |
|----------------------|--|------------------------|-------------------------------------|--|
| <b>DLI 9</b>         | Villages empowered to identify 1,000-day households and converge intervention delivery |                        |                                     |  |
| <b>Type of DLI</b>   | <b>Scalability</b>   | <b>Unit of Measure</b> | <b>Total Allocated Amount (USD)</b> | <b>As % of Total Financing Amount</b>                  |
| Intermediate Outcome | Yes  | Number                 | 36,000,000.00                       | 0.01   |
| <b>Period</b>        | <b>Value</b>   |                        | <b>Allocated Amount (USD)</b>       | <b>Formula</b>   |
| Baseline             | 0.00   |                        |                                     |  |
| 2018 (Semester 2)    |  |                        | 5,200,000.00                        | Issuance of guidelines and regulations                 |
| 2019                 | 96.00  |                        | 9,600,000.00                        | \$100,000 per district (up to 96 districts)            |
| 2020                 | 234.00   |                        | 13,800,000.00                       | \$100,000 per district (up to 138 additional district) |
| 2021                 | 308.00   |                        | 7,400,000.00                        | \$100,000 per district (up to 74 additional districts) |
| <b>DLI 10</b>        | Village convergence of nutrition interventions on 1,000-day households                 |                        |                                     |  |
| <b>Type of DLI</b>   | <b>Scalability</b>   | <b>Unit of Measure</b> | <b>Total Allocated Amount (USD)</b> | <b>As % of Total Financing Amount</b>                  |
| Outcome              | Yes  | Number                 | 66,000,000.00                       | 0.01   |
| <b>Period</b>        | <b>Value</b>   |                        | <b>Allocated Amount (USD)</b>       | <b>Formula</b>   |
| Baseline             | 0.00   |                        |                                     |  |
| 2018 (Semester 2)    |  |                        | 0.00                                |  |
| 2019                 |  |                        | 0.00                                |  |

|      |        |               |  |
|------|--------|---------------|--|
| 2020 | 96.00  | 19,200,000.00 | \$200,000 per district (up to 96 districts)  |
| 2021 | 234.00 | 46,800,000.00 | \$200,000 per district (up to 234 districts) |

### Verification Protocol Table: Disbursement Linked Indicators

|                            |   |
|----------------------------|---|
| <b>DLI 1</b>               | Public commitment of Priority District leaders to accelerate stunting prevention  |
| <b>Description</b>         | <p>Achievement is based on the number of district-level government leaders (Bupati, Wali Kota or their deputies) that at public stunting summits sign compacts that include commitments to implement convergence actions: a) hold a district stunting summit of departmental heads, Camat and Village Heads; b) implement actions to integrate villages into the stunting response; c) improve, collect and publish data on stunting surveillance and intervention delivery; and d) integrate data into decision-making on management of interventions.</p> <p>This DLI is closely related to DLI 4 as well as DLIs 6, 8, 9 &amp; 10. DLI 1 will help incentivize the national government to create the enabling environment for districts to achieve convergence performance, whereas DLI 4 will incentivize districts for implementing convergence actions and improving nutrition intervention coverage. DLI 1 will also help create demand amongst districts for expanding nutrition-sensitive ECED services and locally adapted IPC programs (DLIs 7 and 8 respectively). It will also help establish the enabling environment for villages to prioritize spending on nutrition interventions.</p> |
| <b>Data source/ agency</b> | SoVP  |
| <b>Verification Entity</b> | BPKP  |
| <b>Procedure</b>           | SoVP will prepare a report on the annual Stunting Summits that includes a) copies of the signed compacts, b) photos of the public compact signing ceremonies, and c) profiles of the districts that signed the compact. The IVA will verify the accuracy of the report by spot-checking a random sample of signed compacts. The annual DLI targets specify the minimum number of districts required to sign compacts and the allocation is non-scalable. The Bank will disburse the full amount only if the minimum target is met.  |
| <b>DLI 2</b>               | Tracking and performance evaluation of national spending on priority nutrition interventions  |
| <b>Description</b>         | The purpose of this DLI is to incentivize the preparation of regular performance and expenditure review reports on the Government Program and use those reports to inform development of subsequent year budgets for Program components. Achievement is measured by establishment of a system for tagging and tracking data on NatStrat Stunting expenditures and outputs (including where relevant by location), issuance of regular performance and expenditure review reports on the Government Program, and demonstration that the performance and expenditure review has informed  |

|                            |  |
|----------------------------|--|
|                            | <p>subsequent year budget allocations.</p> <p>This DLI provides incentives for the central government to implement an annual cycle of performance evaluation for the Government Program, and to use that performance evaluation to inform the following year allocation of resources to tagged budget lines within the program. Reports will be prepared based on the most recently available information on the implementation of the program. It will also inform the peer-to-peer performance reviews at the Program Steering Committee's Semi-Annual Leadership Retreats as well as underpin SoVP's monitoring and debottlenecking functions.</p>  |
| <b>Data source/ agency</b> | MoF and Bappenas   |
| <b>Verification Entity</b> | BPKP   |
| <b>Procedure</b>           | <p>By the end of 2018, Bappenas and MoF will issue Tagging Guidelines for the National Strategy to Accelerate Stunting Prevention (NatStrat Stunting) Convergence Program detailing procedures for (a) identifying and tagging budget lines related to the stunting program; (b) reviewing the efficiency and effectiveness of spending to enhance the strategic prioritization and resource allocation in the follow year's budget; and (c) implementing ministries—including, the Ministry of Health, Ministry of Public Works, Ministry of Education and Culture, Ministry of Social Affairs, Ministry of Agriculture, Ministry of Home Affairs, Ministry of Villages, and the National Population and Family Planning Agency—to establish processes for tracking expenditure on the NatStrat Stunting by district. For 2019, the IVA will verify that: (a) Bappenas and MoF issued by the end of January 2019 a report summarizing budget lines in the 2019 national budget (APBN) tagged to the NatStrat Stunting; and (b) MoF and Bappenas issued by the end of August a first semester expenditure and performance review report for the period ending in June. For subsequent years (2020-2021), the IVA will verify that (a) MoF and Bappenas issued by August first semester expenditure and performance review reports for the period ending in June; (b) MoF and Bappenas issued by March each year an expenditure and performance review report detailing and analyzing line ministries, programs and outputs from the period of January to December of the previous year; and (c) MoF issued by August a statement on how the previous year's expenditure and performance review report informed the subsequent year's budget as reflected in the resource allocation on priority nutrition interventions in the Financial Note document (Nota Keuangan, or Budget Statement). Note that these achievements are sequential and specific to a given year.</p> |
| <b>DLI 3</b>               | Timely publication of annual national and district stunting rates  |
| <b>Description</b>         | Achievement is dependent on BPS issuing implementation and analysis guidelines for the March 2019 SUSENAS that are informed by a pilot, and the subsequent annual publication of district stunting rates by July of the survey year.   |



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|                            | <p>The annual publication of stunting rates, which is timed to occur prior to finalization of central and district government budgets, will help the central government hold district leaders to account for implementing their commitments to accelerate stunting reduction (DLI 1). Specifically, SoVP will use the publication of independent district stunting and nutrition service delivery rates to recognize high-performing districts at the annual Stunting Summits and increase public and peer pressure on poor-performing districts. Annual publication of quality stunting data will also accelerate the cycle of learning and underpin bi-annual reviews of the priority interventions (see the PAP).</p>   |
| <b>Data source/ agency</b> | BPS  |
| <b>Verification Entity</b> | BPKP   |
| <b>Procedure</b>           | <p>By the end of 2018, BPS will provide to the World Bank a copy of the March 2019 SUSENAS implementation and analysis guidelines with a cover letter summarizing lessons from the September 2018 pilot and how they were incorporated into the guidelines. In subsequent years (2019-21), BPS will provide to the World Bank a list of the district stunting rates and evidence that the national and district rates were published by September on a publically accessible website. The IVA will verify that the national and district rates were published on a publically accessible website by September. Note that these achievements are sequential and specific to a given year.</p>   |
| <b>DLI 4</b>               | Priority Districts delivery of nutrition-sensitive professional development program for ECED Teachers  |
| <b>Description</b>         | <p>Achievement in the first year (2018) is dependent on the government (a) enhancing the Professional Development Program for ECED Teachers (Diklat Berjenjang) to incorporate materials on stunting and the delivery of stimulation interventions to children aged 0-2 that is consistent with the NatStrat Stunting; and (b) preparing a Supplementary Handbook for ECED teachers on the delivery of stimulation interventions to children aged 0-2, which includes materials on the role of men in child stimulation. Achievement in years 2-4 (2019-2021) is dependent on the government successfully including the stimulation intervention materials for 0-2 year olds in its expansion of the Professional Development Program for ECED Teachers in the Priority Districts.</p> <p>DLI 4 is supported by DLIs 9 and 10. As noted above, the Village Convergence Scorecard (DLI 9 &amp; 10) will include an indicator on the delivery of stimulation interventions to children aged 0-2 by ECED Teachers, which will help create village-level demand for the parenting activities as well as ECED Teacher demand for participating in the nutrition-sensitive Professional Development Program.</p> |

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| <b>Data source/ agency</b> | MoEC & MoV   |
| <b>Verification Entity</b> | BPKP   |
| <b>Procedure</b>           | <p>By December 2018, MoEC will (a) issue the enhanced materials for the Professional Development Program for ECED teachers, and (b) issue a Supplementary Handbook for ECED Teachers on stunting and the delivery of stimulation interventions to children aged 0-2 and their parents, which were developed in consultation with Bappenas, MoH, BKKBN, MoSA and MoV and includes materials on the role of men in child stimulation. The IVA will verify that the materials on the stimulation interventions are incorporated into the official Diklat Berjenjang modules, that the Handbook includes materials on the role of men in child stimulation, and that meaningful consultations were held with the relevant agencies. The allocation for this result is non-scalable and all conditions must be met. In the subsequent three years (2019-2021), MoEC will submit annual data on implementation of the Professional Development Program for ECED teachers in the Priority Districts. The data will consists of two components: (A) the number of Priority Districts with at least 20 trainers that successfully completed the Professional Development TOT including the enhanced stimulation intervention materials; and (B) the number of ECED teachers in the district that have successfully completed the Professional Development Program and the number of villages where at least two ECED teachers have completed the Professional Development Program including the enhanced stimulation intervention materials. The amount disbursed is scalable, and will depend on the IVA verifying the number of Priority Districts with at least 20 trainers that successfully completed the full TOT or the refresher TOT focused on the enhanced materials (for trainers that have already completed the previous version of the TOT), and the number of Priority Districts delivering the Professional Development Program to ECED teachers (including the enhanced stimulation intervention materials) in the minimum number of villages as follows: 20% of villages in the first 100 districts in 2019; 40% of villages in the 200 districts (batch 1 and 2) in 2020; and 60% of villages in 200 districts (batch 1 and 2) and 40% of villages in 100 district (batch 3) in 2021. The amount disbursed for the two components will be calculated as follows: Component A – In each year, the Bank will disburse \$25,000 per district up to \$2,500,000 or the equivalent of 100 districts per year. MoEC is responsible for Component A achievements. Component B – In each year, the Bank will disburse \$37,500 per district up to the annual component allocation: \$3,750,000 or the equivalent of 100 districts in 2019, up to \$7,500,000 or the equivalent of 200 districts in 2020, and \$11,250,000 or the equivalent of 300 districts in 2021. MoV and MoEC are jointly responsible for supporting Component B achievements. The Bank will disburse against Component A even if Component B is not achieved in a given year. However, Component B requires that the Professional Development Program provided to ECED teachers be delivered by district trainers that have completed the Professional Development TOT Program under Component A (including the stimulation intervention materials).</p> |
| <b>DLI 5</b>               | Nutrition-sensitivity of the food assistance program (BPNT)  |

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| <b>Description</b>         | Achievement is determined based on both the percentage of food assistance program beneficiaries in the priority districts that are receiving benefits via BPNT in the first two years of the Program (2018-2019) and the percentage of E-Warung having all eligible food items available in the last two years of the Program (2020 – 2021).   |
| <b>Data source/ agency</b> | MoSA   |
| <b>Verification Entity</b> | BPKP   |
| <b>Procedure</b>           | <p>MoSA will submit data on implementation of the BPNT program (including output data on beneficiaries and e-Warungs) in the priority districts as part of the NatStrat Stunting's standard implementation monitoring procedures. For the first two years of the Program (2018-2019), the IVA will confirm the total amount of families that have received BPNT in each of the priority districts versus those that receive Rastra. In the first year of the program (2018), the allocation is scalable. The disbursement will be based on the IVA verifying the percentage of program beneficiaries in the initial 100 priority districts that received program benefits through BPNT. The Bank will disburse \$500,000 for each percentage point above 40%, up to 60% (20 percentage point maximum or the equivalent of \$10,000,000). In the second year of the (2019), the allocation is split between two achievements: - \$4,000,000 (of the \$16,000,000 annual allocation) will be disbursed based on the IVA verifying MoSA's introduction of a complementary food item for children aged 6-24 months; - the remaining \$12,000,000 will be scalable and disbursed based on the IVA verifying the percentage of program beneficiaries in the 160 priority districts that received program benefits through BPNT. The Bank will disburse \$400,000 for each percentage point above 60%, up to 90% (30 percentage point maximum or the equivalent of \$12,000,000). Note that these two achievements (Disbursement Linked Results) are independent of one another. In the last two years of the Program (2020-2021), the IVA will verify the percentage of e-Warungs that carry all eligible food items as well as what is included in the package (rice, eggs and other items to be determined) versus what has been agreed upon in BPNT's design documents and relevant SOP. In 2020, the allocation is split between two achievements: - \$4,000,000 (of the \$21,000,000 annual allocation) will be disbursed based on the IVA confirming MoSA's introduction of an additional protein and/or fortified food item to BPNT; and - the remaining \$17,000,000 will be scalable, and disbursed based on the IVA verifying the percentage of E-warungs in 390 priority districts disbursing BPNT benefits that have all eligible food items. The Bank will disburse \$850,000 for each percentage point above 30%, up to 50% (20 percentage point maximum or the equivalent of \$17,000,000). In the final year of the Program (2021), the allocation is scalable, and will be disbursed on the IVA verifying the percentage of E-warungs having all eligible food items available. The Bank will disburse \$600,000 for each percentage point above 50%, up to 80% (30 percentage point maximum or the equivalent of \$18,000,000). Note that these two achievements (Disbursement Linked Results) are independent of one another.</p> |
| <b>DLI 6</b>               | Priority Districts implementation of locally-adapted interpersonal communication (IPC) activities  |

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| <b>Description</b>         | <p>Achievement in the first year (2018) is dependent on MoH supporting Priority Districts to issue local BCC strategies in the form of local regulations that include IPC activities in accordance with Germas implementing regulations.</p> <p>Achievement in the second year (2019) is dependent on Priority Districts successfully implementing locally-adapted promotive and preventive IPC activities as part of their local BCC strategy in priority villages.</p> <p>Achievement in years 3-4 (2020-2021) is dependent on Priority Districts successfully implementing locally-adapted promotive and preventive IPC activities as part of their local BCC strategy.</p> <p>DLI 6 is supported by DLIs 7 and 9. DLI 7 will help incentivize subnational leaders to implement the locally-adapted promotive and preventive IPC program by including it in the district performance assessment (years 3 &amp; 4). As noted above, the Village Convergence Scorecard (DLI 9) will include an indicator on the interpersonal counselling through home visits, which will generate village-level demand for IPC.</p>   |
| <b>Data source/ agency</b> | MoH   |
| <b>Verification Entity</b> | BPKP  |
| <b>Procedure</b>           | <p>At the end of calendar year 2018, the IVA will verify the number of Priority Districts that have issued local Germas regulations that include a local BCC strategy and IPC activities. The allocation for year 1 is scalable. The Bank will disburse \$50,000 per district up to the annual allocation of \$4,000,000 or the equivalent of 80 districts. There is no minimum number of Priority Districts. By the end of calendar year 2019, the IVA will verify the number of Priority Districts have implemented IPC activities in at least 70% of Priority Villages. The allocation is scalable. The Bank will disburse \$50,000 per district up to the annual allocation of \$6.4 million or the equivalent of 128 districts. There is no minimum number of Priority Districts. In subsequent years (2020-2021), the IVA will verify the number of districts implementing the locally-adapted promotive and preventive IPC activities in at least 70% of all villages in accordance with their local BCC strategy. The amount disbursed is scalable. In each year the Bank will disburse \$50,000 per district up to the annual allocation of \$15.6 million in 2020 (equivalent of 312 districts) and up to \$19 million in 2021 (equivalent of 380 districts). There is no minimum number of Priority Districts.</p> |
| <b>DLI 7</b>               | Predictability and results-orientation of fiscal transfers that support convergence   |
| <b>Description</b>         | Achievement is measured by (a) issuance of NatStrat Stunting Convergence Program guidelines specifying the role of  |

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|                            | <p>district-level governments in implementing convergence actions and setting out the process for assessment of district performance in 2019; (b) issuance of Presidential Decree on guidelines for the use of existing conditional transfers (DAK) to support multi-sectoral, priority nutrition interventions and district convergence actions; (c) issuance of proposal guidelines to guide districts applying for DAK to support the NatStrat Stunting; and (d) conduct of an annual performance assessment of delivery of convergence actions by Priority Districts.</p> <p>This DLI provides an incentive for the central government to implement reforms that increase the predictability and results-orientation of fiscal transfers, including introducing a performance assessment to measure district-level governments improved management of the NatStrat Stunting Convergence Program. These mechanisms support the priority districts to improve the targeting of priority nutrition interventions, contributing to the overall improved targeting that will be rewarded by DLI 8.</p> <p>Note that these achievements are sequential and specific to a given year.</p>   |
| <b>Data source/ agency</b> | Bappenas, MoF, MoHA  |
| <b>Verification Entity</b> | BPKP   |
| <b>Procedure</b>           | <p>By the end of calendar year 2018, the IVA will confirm that (a) by September 2018 Bappenas in coordination with Ministry of Home Affairs has issued guidelines on the implementation of the Stunting Reduction Program by districts, including specifying the district convergence actions that districts are responsible to implement and the process for assessment of district performance in 2019; (b) by December 2018, Ministry of Finances prepares guidelines to be issued as Presidential Decree (Perpres) on use of conditional transfer (DAK) to support multi-sectoral priority nutrition interventions and district convergence actions. By the end of calendar year 2019, the IVA will confirm that (a) Ministry of Finance, in coordination with Bappenas, have issued guidelines by April 2019 on the proposal process for DAK for FY 2020, specifying how the DAK should be prioritised to support the Stunting Convergence Program; and (b) Ministry of Home Affairs published on its website by August 2019 the results of an annual performance assessment of district implementation of the NatStrat Stunting Convergence Program. By the end of calendar year 2020, the IVA will confirm that (a) Ministry of Finance, in coordination with Bappenas, issued by April of 2020 guidelines on the proposal process for DAK for 2021 specifying prioritization of DAK to support the Stunting Convergence Program; (b) Ministry of Home Affairs published on its website by August 2020 the results of an annual performance assessment of district implementation of the Stunting Convergence Program. By the end of calendar year 2021, the IVA will confirm that (a) Ministry of Finance, in coordination with Bappenas, issued guidelines on the proposal process for DAK for 2022 specifying prioritization of DAK to support the Stunting Convergence Program; and (b) Ministry of Home Affairs published on its website by August 2021 the results of</p> |

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|                            | an annual performance assessment of district implementation of the Stunting Convergence Program.  |
| <b>DLI 8</b>               | Performance of districts in targeting priority nutrition interventions to 1,000-day households  |
| <b>Description</b>         | <p>Achievement is measured by the percentage change in the number of households with children aged 0-2 with access to priority nutrition interventions during the previous year that is above the threshold level (a measure of the recent historical improvement in delivery of priority nutrition interventions).</p> <p>This DLI provides an incentive for the central government to stimulate improved performance of district-level governments in targeting 1,000-day households for the delivery of priority nutrition interventions. Improvements in targeting will be measured by a weighted index (the nutrition service targeting index) of the percentage change in the number of households with children aged 0-2 receiving one or more of the five packages of priority nutrition interventions which districts are responsible to deliver. The delivery of each of the five service packages to the households will be measured using indicators from Susenas. In order to stimulate improved district-level service delivery, central government will need to deploy mechanisms such as program guidelines, guidelines on the use of conditional transfers, measuring performance in achieving district convergence actions, and improve the predictability of financing, as provided for in DLI 7.</p>  |
| <b>Data source/ agency</b> | SoVP & BPS  |
| <b>Verification Entity</b> | BPKP  |
| <b>Procedure</b>           | <p>By the end of calendar year 2018, the IVA will confirm that BPS has issued guidelines detailing the methodology for calculating the annual nutrition intervention targeting index for 2020 and 2021 that incorporates a minimum threshold of improvement based on the historical trend. As part of its verification, the Bank will also review the proposed methodology to ensure it is consistent with international best practice for constructing simple indexes of local service delivery and the approach detailed in the PAD. By September 2020 BPS will construct the annual nutrition intervention targeting index and advise the Bank of the annual improvement in targeting above the minimum threshold based on the historical trend. The IVA will confirm that the index was developed using the published methodology and that BPS has published the index on a publicly accessible website. The Bank will disburse an annual allocation of \$7 million for each 1% of improved intervention targeting above the threshold level (historical trend), up to a maximum value of \$35 million. The allocation will be calculated to the first decimal place. By September 2021, BPS will construct the annual nutrition intervention targeting index and advise the Bank of the annual improvement in targeting above the minimum threshold based on the historical trend. The IVA will confirm that the index was developed using the published methodology and that BPS has published the index on a publicly accessible website. The Bank will disburse an annual allocation of \$7 million</p> |

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|                            | for each 1% of improved intervention targetting above the threshold level (historical trend), up to a maximum value of \$35 million. The allocation will be calculated to the first decimal place.   |
| <b>DLI 9</b>               | Villages empowered to identify 1,000-day households and converge intervention delivery   |
| <b>Description</b>         | Achievement in the first year is dependent on MoV and MoF improving guidelines and systems that will help empower and incentivize villages to prioritize stunting interventions. Achievement in the subsequent three years will depend on Bappenas, MoF, MoV and district governments working in a coordinated manner to ensure villages receive the support they need to identify 1,000-day households, map their priority stunting needs and systematically report data on village convergence.  |
| <b>Data source/ agency</b> | MoV & MoF  |
| <b>Verification Entity</b> | BPKP   |
| <b>Procedure</b>           | In the first year of the Program (2018), the IVA will verify that (a) MoV issued General Guidelines (Pedoman Umum) on Human Development Workers and Village Convergence Scorecards, (b) that the Village Convergence Scorecards define parent and nutrition counselling to capture men's participation, and that (c) MoF revised PMK 50/2018 Fiscal Transfer Reporting to require villages in Priority Districts to submit summary beneficiary, convergence scorecard and stunting expenditure data as part of their end-of-year Dana Desa realization and use reports. To minimize disruptions to Dana Desa disbursements, the template will be short (one page) and a disbursement condition starting in 2021. The regulation will request villages to complete the report on 2019 by March 2020, but it will not be a disbursement condition for Dana Desa disbursement in 2020. It will be a disbursement condition starting in 2021 (i.e. villages will be required to submit complete the report on 2020 before Dana Desa disbursement in 2021). In subsequent years (2019-2021), the IVA will verify MoF's consolidation of the summary beneficiary, Village Convergence Scorecard and expenditure data reported in the end-of-year Dana Desa Realization and Use Reports as well as verify that the data was published on a publically accessible website. Specifically, the IVA will verify the number of Priority Districts that consolidated the village-level data from at least 70% of all villages in their district. The total annual allocation is fixed and scalable. The Bank will disburse \$100,000 per district up to a total of \$9,600,000 in 2019 (or the equivalent of 96 districts), \$13,800,000 in 2020 (or the equivalent of 138 additional districts), and \$7,400,000 in 2021 (or the equivalent of 74 additional districts). |
| <b>DLI 10</b>              | Village convergence of nutrition interventions on 1,000-day households   |
| <b>Description</b>         | Achievement is based on whether there is an actual improvement in the convergence of priority nutrition interventions on 1,000 day households as recorded by the Village Convergence Scorecards. The DLI lags DLI 9, which will establish the baseline as the priority districts expand. The first achievements are therefore scheduled for the end of 2020. As noted  |



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|                            | above, DLI 10 is the furthest to the right in the program results chain. Therefore achievement of DLI 10 is dependent upon the other DLIs. For example, increase in utilization of the ECED parent counselling and IPC interventions is partially dependent on DLIs 4 and 6 respectively. Conversely, DLI 10 helps incentivize coordination and collaboration both across sectors and levels of government.   |
| <b>Data source/ agency</b> | SoVP & MoF  |
| <b>Verification Entity</b> | BPKP  |
| <b>Procedure</b>           | By the end 2020, SoVP will calculate changes in village convergence based on the consolidated beneficiary, Village Convergence Scorecard and expenditure data published by MoF and collected via the end-of-year Dana Desa Realization and Use Reports. The IVA will verify the number of Priority Districts where village convergence of the priority nutrition interventions, as collected by the Village Convergence Scorecards, where at least 80% of villages increased intervention convergence by 20% on the baseline year the district was included in the NatStrat Stunting. For 2020 achievements, this is the 160 priority districts that joined the program in 2019. For 2021 achievements, it is the 390 districts that participated in the program in 2020 (i.e. the 160 districts from 2019 plus the additional 230 districts that joined the program in 2020). The amount allocated is scalable. The Bank will disburse \$200,000 per district, up to a total of \$19,200,000 in 2020 and \$46,800,000 in 2021. |



**ANNEX 3. (SUMMARY) TECHNICAL ASSESSMENT**

**COUNTRY : Indonesia**

**Investing in Nutrition and Early Years**

**NOT REQUIRED FOR THE AGILE PAD**



**ANNEX 4. (SUMMARY) FIDUCIARY SYSTEMS ASSESSMENT**

**COUNTRY : Indonesia**

**Investing in Nutrition and Early Years**

**NOT REQUIRED FOR THE AGILE PAD**



**ANNEX 5. SUMMARY ENVIRONMENTAL AND SOCIAL SYSTEMS ASSESSMENT**

**COUNTRY : Indonesia**

**Investing in Nutrition and Early Years**

**NOT REQUIRED FOR THE AGILE PAD**



**ANNEX 6. PROGRAM ACTION PLAN**

**COUNTRY : Indonesia**

**Investing in Nutrition and Early Years**

| Action Description  | DLI#   | Responsibility | Recurrent | Frequency  | Due Date    | Completion Measurement   |
|---|--|----------------|-----------|------------|-------------|--|
| SoVP establishes a Program Support Unit that is led by a dedicated Program Manager and includes a communications team, a results monitoring team, an evaluation team as well as an administration support team and social inclusion specialist. |  | SoVP           | No        |            | 31-Oct-2018 | Transitional team established by October 31, 2018 (including Manager, Coordinators, 4x Specialists and 2x Admin Staff); full team established by January 31, 2019. |
| MoSA establishes and maintains a Program Management Office (PMO) dedicated to the implementation of BPNT.   | Nutrition-sensitivity of the food assistance program (BPNT)        | MoSA           | Yes       | CONTINUOUS |             | PMO dedicated to BPNT established and functioning.   |
| MoH conducts a review of knowledge and behaviors of men's caregiving and specific requirements of Indigenous  | Priority Districts implementation of locally-adapted interpersonal | MoH            | No        |            | 31-Oct-2018 | Review conducted and consulted with key stakeholders as part of preparation of Germas Guidelines. Modules with training modules                                    |



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| Peoples as part of preparing Germas Guidelines and modules with training materials for local BCC/IPC programming.   | communication (IPC) activities  |     |    |  |             | prepared and records of training undertaken.  |
| MoH to issue Healthy Community Movement (Germas) guidelines and training modules for integrated BCC programming that includes Inter-Personal Communication (IPC), vaccination consent, women's empowerment, and child marriage and early pregnancy. | Priority Districts implementation of locally-adapted interpersonal communication (IPC) activities | MoH | No |  | 31-Oct-2018 | Germas implementing guidelines and training modules that include relevant materials are prepared and issued for TOT delivery. |
| MoF to standardize the categories of activities at the district level to improve the quality of the reporting systems and track use of sector DAKs for stunting convergence.  | Predictability and results-orientation of fiscal transfers that support convergence               | MoF | No |  | 31-Dec-2018 | Presidential Regulation on DAK use for NatStrat Stunting includes standardized categories of activities.                      |
| BPS conducts mini-anthropometric  | Timely publication of annual  | BPS | No |  | 31-Oct-2018 | Pilot conducted in at least three districts as part of September  |



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| pilot to inform survey and data analysis guidelines.   | national and district stunting rates  |      |     |            |             | 2018 Susenas; report on pilot prepared and issued by December 2018.   |
| MoHA to include environment specialist in provincial TA pool structure to advise districts on environment issues (e.g., medical waste, watersheds).  |   | MoHA | Yes | CONTINUOUS |             | Specialist in place.  |
| MoV to issue regulatory framework (e.g. Permendesa) to explicitly accommodate the use of Dana Desa for priority nutrition interventions, including support for nutrition-sensitive ECED teachers professional development training | Priority Districts delivery of nutrition-sensitive professional development program for ECED Teachers | MoV  | Yes | Yearly     |             | Regulation issued.  |
| MoV to include module in HDW training and socialization materials on women's empowerment and role of men in childcaring, and on use of quarterly stunting forums to communicate  | Villages empowered to identify 1,000-day households and converge intervention delivery                | MoV  | No  |            | 31-Oct-2018 | HDW training modules and socialization materials incorporating relevant materials are prepared and issued for TOT delivery. |



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| on the benefits of delaying early marriage and pregnancy.   |  |      |     |            |             |   |
| MoV to establish a mechanism to capture feedback, concerns and complaints as part of the Village Convergence Scorecard.   | Villages empowered to identify 1,000-day households and converge intervention delivery       | MoV  | Yes | CONTINUOUS |             | Completed scorecards and system operationalised for addressing feedback and grievances.       |
| All implementing agencies to complete six-monthly expenditure and output reports, via OM-SPAN and offline as necessary; and MoF to consolidate expenditure reports for SoVP to prepare the annual Program Report. | Tracking and performance evaluation of national spending on priority nutrition interventions | All  | Yes | SemiAnnual |             | Implementing agencies complete and submit expenditure and output reports in a timely fashion. |
| MoV retains a streamlined PIU at the MoV consisting of 15 technical consultants to support capacity building and oversight for HDW.   | Villages empowered to identify 1,000-day households and converge intervention delivery       | MoV  | Yes | CONTINUOUS |             | PIU consisting of 15 technical consultants at MoV retained and functioning.                   |
| SoVP commissions assessment of nutrition interventions  |  | SoVP | No  |            | 31-Oct-2019 | TOR issued for mid-term review that includes review of relevant interventions and             |





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| targeting adolescent girls and study on improving targeting of nutrition interventions to adolescent girls as part of preparing for the mid-term program review.  |   |                 |     |        |             | programs, and review conducted and assessment issued before mid-term program review begins.              |
| SoVP and Bappenas select additional Priority Districts for following year: additional 60 districts in 2018 for 2019; additional 230 districts in 2019 for 2020; and the final 124 districts in 2020 for 2021. | Public commitment of Priority District leaders to accelerate stunting prevention    | SoVP & Bappenas | Yes | Yearly |             | SoVP and Bappenas issue policy statement on additional districts by end of March each year.              |
| SoVP, Bappenas and MoF conduct review of central and district preparation and planning for stunting convergence in Priority Districts to inform DAK policy in RPJMN 2020-24.                                  | Predictability and results-orientation of fiscal transfers that support convergence | Bappenas        | No  |        | 30-Apr-2019 | Bappenas holds public consultations on review findings and recommendations, and issues a written report. |
| MoH conducts a review of DAK BOK to include local BCC and IPC as an eligible activity in 2020 and 2021.   | Priority Districts implementation of locally-adapted interperson                    | MoH             | No  |        | 31-Jul-2019 | Review conducted and consulted with key stakeholders, led by Bureau of Planning, MoH.                    |



|  | al<br>communica<br>tion (IPC)<br>activities   |      |    |  |             |  |
|--|---|------|----|--|-------------|--|
| SoVP in<br>collaboration<br>with BPS<br>commission<br>assessment of<br>district-level data<br>quality on<br>program<br>intermediate<br>outcomes and<br>outcomes (e.g.,<br>access to<br>nutrition<br>interventions,<br>and stunting). | Timely<br>publication<br>of annual<br>national<br>and district<br>stunting<br>rates | SoVP | No |  | 31-Oct-2019 | TOR for assessment<br>issued and study<br>conducted prior to<br>finalization of<br>guidelines for<br>SUSENAS March<br>2020, and to inform<br>the mid-term<br>program review. |



**ANNEX 7. IMPLEMENTATION SUPPORT PLAN**

**COUNTRY : Indonesia**

**Investing in Nutrition and Early Years**

**NOT REQUIRED FOR THE AGILE PAD**



## ANNEX 8. IPF Component Appraisal

COUNTRY : Indonesia

Investing in Nutrition and Early Years

1. **A Technical Assistance (TA) Component will be financed using the Investment Project Financing (IPF) grant for an amount of \$20 million.** Implementation under this component will be managed in accordance with OP/BP10.00. The IPF Component will be dedicated to financing a specific set of technical assistance activities.
2. **The purpose of the IPF Component is to strengthen the capacity of program agencies to monitor, coordinate and implement the NatStrat Stunting, and thereby secure the long-term implementation sustainability of the government program.** The IPF Component is financed from the Global Financing Facility (GFF) Multi-Donor Trust Fund with the possibility of crowding in more resources throughout implementation. The investments will improve the quality of implementation through support to the key government counterparts in implementing convergence at national and local levels.
3. To achieve the above, the IPF Component will: (a) strengthen multisectoral coordination by the Secretariat of the Vice President (SoVP); (b) strengthen the capacity of Bappenas (National Planning Development Agency) and Ministry of Finance (MoF) to implement its planning and budgeting functions; (c) provide technical support to sector line agencies responsible for nutrition intervention delivery; and (d) strengthen the systems for monitoring, evaluation and continuous learning at the TNP2K Secretariat and Bappenas. There are two main components as detailed in the main body of the PAD:
4. **Component 1: Institutional Strengthening for National Leadership and Delivery (\$16 million).** The component will be delivered by SoVP and consistent of three sub-components:
  - (a) *Subcomponent 1A: Strengthen Coordination, Nutrition Program Delivery Monitoring, and Debottlenecking Capacity of SoVP/TNP2K.* The multisectoral and multilevel nature of NatStrat Stunting requires that SoVP/TNP2K have strong leadership and management capacity for planning, implementation, and monitoring and evaluation to ensure sound delivery of the convergence program. This subcomponent will (i) establish a communication and advocacy team to support Pillar 1 of the NatStrat Stunting, both the national awareness campaign and national and subnational advocacy including on issues such as food fortification (Pillar 4); (ii) strengthening the performance monitoring and verification systems, including through establishing a results monitoring team, setting up a centralized monitoring dashboard and conducting a regular performance review, and to improve the capacity for resolving bottlenecks through timely identification of



implementation problems; (iii) establish an evaluation and innovation team to undertake implementation research/process evaluation to generate lessons learned and facilitate course correction and evaluation studies to evaluate the Program's impact and effectiveness; and (iv) conducting pilots and testing innovations on new interventions, including the strengthening of integrated data system and the enhancement of public-private partnership in nutrition service delivery. It will also conduct pilots and innovations on new interventions that fill critical service delivery gaps and strategic areas such as integrated data systems and public-private partnership in nutrition service delivery. This subcomponent will also support the advisory panel.

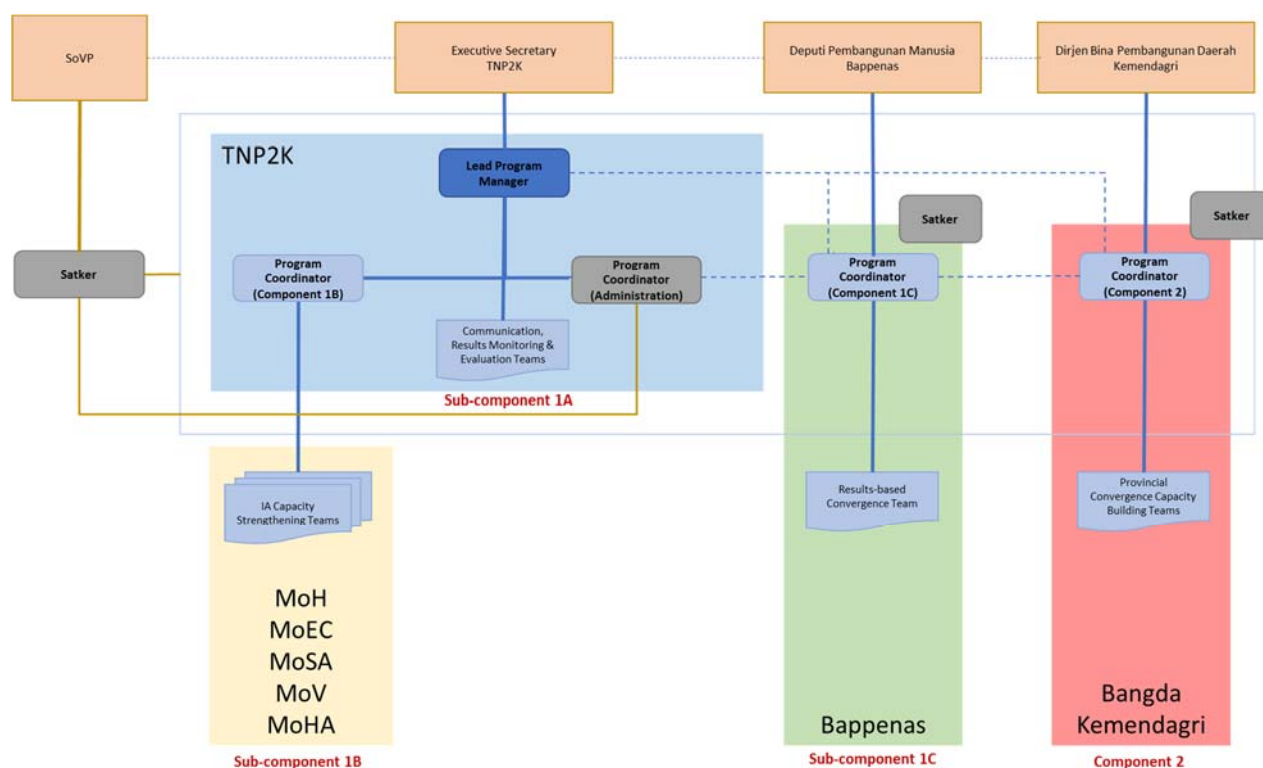
- (b) *Subcomponent 1B: Strengthen Capacity of Implementation Agencies.* The subcomponent will strengthen the capacity of line ministries implementing the Program (MoH, MoEC, MoSA, and MoV)—but also other line ministries implementing the NatStrat Stunting (MoPWH, Ministry of Women's Empowerment, etc.). More specifically, the subcomponent will provide support to (i) MoH to strengthen the interpersonal communication program by improving the quality of cascade training and incorporating the use of an ICT-based platform; (ii) MoSA in improving the nutrition-sensitivity of the food assistance program (BNPT) by improving the mix of food, targeting methods, and monitoring systems; (iii) MoEC to improve the quality of training systems and the nutrition content in the parenting session curriculum for ECED frontline services; (iv) MoV to strengthen capacity to coordinate support for HDW as well as Dana Desa spending on ECED Professional Development training; and (v) overall implementation support for NatStrat Stunting program delivery as identified and agreed by the PSC.
- (c) *Subcomponent 1C: Strengthen Results-based Synchronized Planning, Budgeting and Technical Convening.* This subcomponent will support Bappenas and MoF to operationalize synchronized planning and budgeting as well as strengthen its technical convening role on topics relevant to the NatStrat Stunting and related maternal and child health issues. Specifically, it will: (i) strengthen capacity to design and implement synchronized planning and budgeting systems; (ii) improve the quality of the DAK reporting systems by standardizing categories of activities and strengthening the Collaborative Planning and Budget Performance Information (KRISNA) system; (iii) build capacity to conduct performance expenditure reviews; (iv) strengthen district performance assessment systems in collaboration with MoHA; (v) strengthen the Scaling Up Nutrition Secretariat's technical convening role in collaboration with SoVP; (vi) establishing behavioral change policy and strategies in collaboration with the Ministry of Health and other relevant implementing agencies; (vii) commission technical reviews of programs and policies related to the NatStrat Stunting and maternal and child health more broadly in collaboration with SoVP; and (viii) support learning and knowledge sharing as the integrated programs are being scaled up. This subcomponent will be implemented by the Deputy for Human Development at Bappenas in close collaboration with SoVP, MoHA and relevant implementing agencies.



5. **Component 2: Strengthen Capacity for District Convergence (\$4 million).** This component, to be delivered by MoHA, will support the Directorate General of Regional Development in (a) strengthening the capacity of provincial and district governments to diagnose the local drivers of stunting, develop local solutions, and converge the priority nutrition-intervention delivery at the district level; (b) providing technical assistance to subdistrict and village levels in aligning the *Dana Desa* utilization for the stunting reduction agenda; (c) strengthen the capacity of MoHA to develop performance benchmarking for convergence programs across districts; and (d) facilitating peer-to-peer learning and sharing of best practices across districts. This component will be delivered to priority districts through a Technical Assistance Pool at the provincial level, with direct responsibility to DG Regional Development-MoHA through daily coordination and supervision of the provincial development planning agency (Bappeda). In 2018 the World Bank will support the DG of Regional Development in piloting the design of this component, which will be outlined in the TOR for the Provincial Technical Assistance Pool. This component will be designed in close collaboration with SoVP, Bappenas, and all relevant line ministries.

6. **SoVP, which is the Executing Agency for the INEY PforR, will also be the lead Executing Agency for the IPF Component.** SoVP will also be the Implementing Agency for Components 1A and 1B. Bappenas will be the Implementing Agency for Subcomponent 1C while MoHA will be the Implementing Agency for Component 2. SoVP, Bappenas and DG Bangda (MoHA) will use existing Satker or Program Implementation Units (PIUs) with commitment and spending authority to execute the program on-budget and on-treasury. Figure 1 shows the structure of the institutional arrangements.

**Figure 1: IPF Component Institutional Arrangements**



7. **Table 1 lists the key positions that the IPF Component will finance for the two components.** These were identified as part of the PforR Technical Assessment and confirmed during the appraisal. SoVP in consultation the PforR implementing agencies prepared more detailed organization charts for each component that were reviewed during the appraisal and found to align with the Program’s priority technical needs as identified during the Assessment phase. They include the social inclusion and environment specialists recommended in the ESSA.

**Table 1: Key Positions by Component**

| Component    | Proposed experts  |
|--------------|---|
| Component 1A | <p>Lead Program Manager to oversee:</p> <ul style="list-style-type: none"> <li>Summit and Communication: Team Leader, Senior Communication Specialist, Senior Nutrition Specialist, Behavioral Change Specialist, Media Analyst and Ministerial Liaison Officer</li> <li>Results Monitoring: Team Leader, Performance Systems Specialist, Senior PFM Specialist, Social Inclusion Specialist, Data Systems Specialist, Dashboard Specialist, Monitoring and Reporting Specialist (ISM), Monitoring Analysts (Quantitative and Qualitative)</li> <li>Evaluation: Team Leader, Evaluation Specialist (Intervention Review), Evaluation Specialist (Analyst), Principal Investigators, Laboratory Sites and Research Firms</li> <li>Program Coordinator (Administration) to manage FM and reporting</li> </ul> |



| Component    | Proposed experts  |
|--------------|---|
| Component 1B | <p>Program Coordinator, with assistance from an Admin and Finance Assistant, to oversee:</p> <ul style="list-style-type: none"> <li>MoH: Behavioral Change Specialist, Policy Specialist, Capacity Building Specialist and Monitoring Specialist</li> <li>MoEC (Director Parenting): Behavioral Change Curriculum Specialist, and Monitoring and Evaluation Specialist</li> <li>MoEC (Director ECED Teacher Training): Training Specialist and Monitoring Specialist</li> <li>MoSA: Capacity Building Specialist, Operations Specialist and Monitoring Specialist</li> <li>MoV: Capacity Building Specialist and Training Specialist</li> </ul> |
| Component 1C | <p>Program Coordinator to oversee:</p> <ul style="list-style-type: none"> <li>Public Expenditure Advisor, Operational Advisor, District Performance Advisor and Database/MIS Specialist</li> </ul>  |
| Component 2  | <p>Program Coordinator to oversee:</p> <ul style="list-style-type: none"> <li>Planning and Budgeting Specialist, Behavioral Change Specialist, Communication and Knowledge Management Specialist, Monitoring and Evaluation Specialist, Data Systems Specialist, Environment Specialist, Training Specialist and a Provincial Team Coordinator who will oversee four province/region teams</li> </ul>   |

## Institutional and Implementation Arrangements

8. **SoVP will also be the Implementing Agency for the IPF. Bappenas and MoHA are also Implementing Agencies for the IPF Component.** Based on the assessment, SoVP has no prior experience managing Bank financed projects and programs, while Bappenas and MoHA have experience in implementing Bank financed projects, including on-going Bank financed projects. Several mitigation measures have been proposed to minimize the identified risks under the project.

## Financial Management

9. The Bank's assessment concluded that with the implementation of the proposed recommendations, the risks will be substantial and the proposed financial management arrangements will satisfy the Bank's minimum requirements under OP/BP10. The project has two major risks: first, limited financial management (FM) staff capacity of the SoVP to manage project implementation. SoVP does not have financial management staff that have previous experience in managing Bank-financed projects; and second, in the internal controls on soft expenditures, such as consultants and training/workshop expenditures. The PIUs in Bappenas and Bangda have experiences to manage the Bank financed project. The on-going PAMSIMAS project is under DG Bangda. These risks will be mitigated by (a) providing FM training program to SoVP staff on the Bank FM procedures, and (b) providing technical assistance (FM consultants) to assist the SoVP unit. Taking into account the risk mitigation measures proposed, overall, the





financial management risks for this financing are assessed as substantial before mitigation, and moderate after mitigation.

10. *Budgeting:* The IPF Component will follow the existing government budgeting system. The project budget will be included in the annual government budget and in-line ministry budget document (DIPA). There is a risk on issuance of DIPA that creates project implementation delay. Delay in issuing and effectiveness of DIPA may be minimized through prior circulars on the working unit (Satker) decree, and revision of documents when approved DIPA differs from proposal.

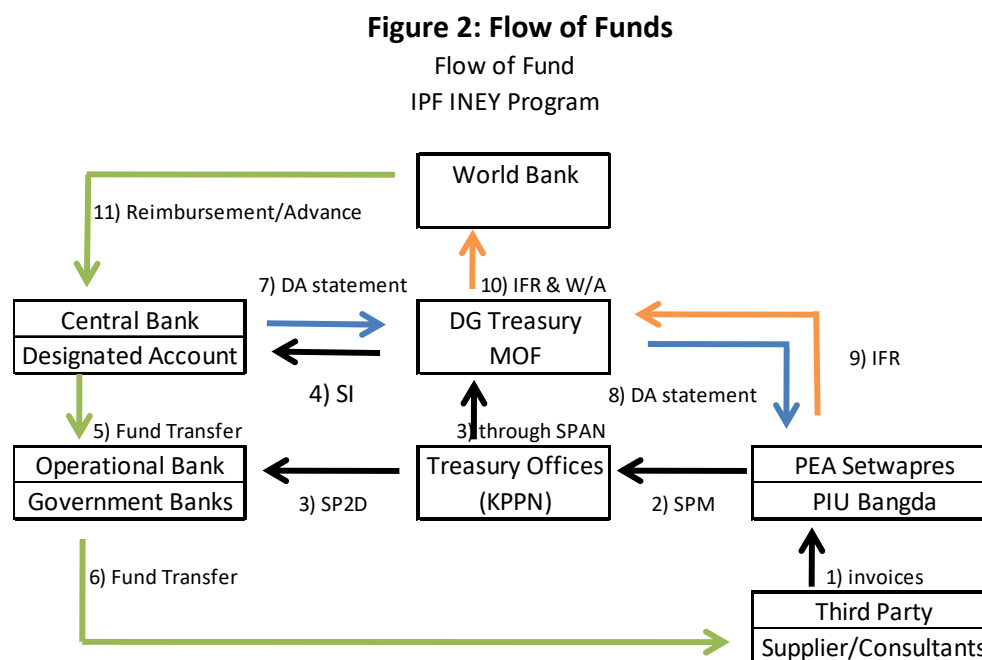
11. *Accounting and Reporting:* All financial transactions will be recorded in the government accounting system and included in government accountability reports. The Financial Management Unit will prepare a separate set of project financial reports that are suitable for project monitoring purposes. The specific accounting procedures are set out in the Project Operation Manual. The Financial Management unit will maintain separate accounting records for all payment requests (SPM) and remittance orders (SP2D), on a cash basis. The Financial Management Office will be responsible for preparing aggregate Interim Financial Reports (IFRs) and submitting these to the Bank on a quarterly basis in formats as agreed with the bank. Interim Financial Reports will be part of progress reports for those quarters when the progress reports are required.

12. *Internal Controls:* The Financial Management Unit in SoVP as well as Bappenas and Bangda, will incorporate additional financial control procedures into the existing financial management procedures, including the requirement for stronger accounting evidence for all project activities (e.g., third-party invoices, attendance lists for workshops and training events, consultants' output, etc.).

13. *Audit Arrangements:* The PIUs are responsible for preparing general purpose financial statements. The audit of these statements will be carried out by BPK (Supreme Audit Institution). The annual audit report will be furnished to the Bank no later than six months after the end of the Government's fiscal year. The auditor will use agreed audit terms of reference. The audit assignment will be in accordance with the agreed terms of reference. It is expected that the external audit will go beyond merely providing an opinion on the accounts to include opinions on the internal control framework and compliance with the project management manual. The audit will also include an assessment of the reliability of project financial statements, and the verification of accounting information on a sample basis. The scope of audit will include a review and reconciliation of (a) Special Account transactions; and (b) quarterly interim financial reports.



14. *Flow of Funds:* The PIUs (Satker) at SoVP, Bappenas and DG Banda will execute the project budget and administer it. All supplier or consultant invoices will be submitted to commitment officer under the Satker. He/she will review and verify the invoices and relevant supporting documents; then submitted it to verification officer. The verification officer will review and verify the invoices and documents before issuing the payment request (SPM) to the treasury office (KPPN). The KPPN will then issue payment order (SP2D) to its operational bank which will arrange for remittance of the funds from the designated account to the respective supplier or consultants' accounts. Figure 2 below summarizes the flow of funds.



15. *Bank Implementation Support:* As part of overall implementation support, the Bank team will be examining documentation on financial management processes and providing continual support to the implementing agencies on financial management processes and providing continual support to the PIUs on financial management issues. The Bank will pay particular attention to (a) internal controls; (b) budgeting and financial planning arrangements; (c) the Interim Unaudited Financial Reports; (d) audit reports including financial statements and remedial actions recommended in the auditor's Management Letters; (e) disbursement management and financial flows; and (f) any incidences of corrupt practices involving Program resources.



## Disbursements

16. The applicable disbursement methods are reimbursement and advance to the designated account. The Designated Account (DA) will be used to finance eligible project expenditures. DA will be under the name of DG Treasury in the MoF, SoVP will be responsible for reconciling the DA and preparing applications for the withdrawal of additional advances, duly approved by DG Treasury before their submission to the Bank. Copies of the DA statements will be provided to SoVP by the Directorate for Cash Management in DG Treasury, MoF.

17. The ceiling of the advance to DA will be variable, and the advance(s) will be made on the basis of the six months projected expenditures. The reporting of use of the DA will be based on the quarterly IFRs. Applications for the advance to the DA shall be submitted together with the reporting on use of DA funds which will consist of (a) IFRs, Statement of Expenditures and list payments for contracts under the Bank's prior-review; (b) projected expenditures for six months; and (c) the DA reconciliation statement.

18. All documentation for expenditures submitted for disbursement will be retained by the implementing unit and be made available to the auditors for the annual audit, and to the Bank and its representatives, if requested.

**Table 2. Allocation of Grant Proceeds**

| Category Description   | Amount<br>(in \$) | % of<br>expenditures to<br>be financed |
|--|-------------------|--|
| 1. TA, Training, Workshops and Incremental Operating Costs for Component 1 | 16,000,000        | 100%                                   |
| 2. TA, Training, Workshops and Incremental Operating Costs for Component 2 | 4,000,000         | 100%                                   |
| TOTAL  | 20,000,000        |  |

## Procurement

19. Procurement for the IPF Component will be carried out under the World Bank's Procurement Framework in accordance with the Procurement Regulations for IPF Borrowers dated July 2016 and revised November 2017, and the provisions of the Grant Agreement. Based on a preliminary assessment of the implementing agencies, it is envisaged that several consulting firms and individual consultants will be hired under the IPF Component. The Quality and Cost Based Selection (QCBS) method will be followed for the selection of consulting firms. Trainings and workshops are also expected under the four components to strengthen the capacity of the



Implementing Agencies. Procurement of works and goods is not expected under this IPF Component.

20. *Project Procurement Strategy for Development (PPSD) and Procurement Plan.* SoVP, Bappenas and MoHA, with assistance from the Bank, were required to prepare PSD and a procurement plan for the IPF Component. The PSD and Procurement Plan for the first 18 months was reviewed during Appraisal and found to be satisfactory. The Procurement Plan would be updated in agreement with the Bank at least annually, or as required to reflect the actual program implementation needs and improvements in institutional capacity within the program, and published in the IAs' websites as well as in UNDB online.

21. SoVP has no previous experience in carrying out the procurement under the Bank or other donor's financed projects. Meanwhile, Bappenas and MoHA has experience in handling the procurement activities under the Bank's financed project. The PSD and procurement plan have been prepared by the IAs. The following risks and mitigation measures under the IPF Component are based on the PSD and detailed procurement capacity assessment.

- (a) Procedural non-compliance due to implementing agencies' insistence to follow the Government's Procurement procedures instead of the Bank's Procurement and Consultants Guidelines, which govern procurement under the Project;
- (b) Delays due to weak procurement capacity of Procurement Service Unit (ULP) and with limited understanding of the Bank's procurement procedures;
- (c) Inadequate procurement planning and monitoring, and weak contract management by the contract commitment officer;
- (d) Weak capacity to prevent and detect red flags, and weaknesses in oversight due to absence/ inadequate attention to audit of procurement process; and
- (e) Possible implementing agency's insistence to national use e-procurement systems for International Competitive Bidding (ICB) and consultant selection methods other than QCBS even though such e-procurement systems are not ready for use in Bank-financed contracts.

22. Several mitigations measures have been considered:

- (a) Include an explicit provision in the Minutes of Grant Negotiation and Project Operational Manual to highlight that the Bank's Procurement Regulations shall govern



- all procurement under the Project and take precedence over Government procurement regulations;
- (b) The Bank will deliver training to PIU on the Procurement Regulations for IPF Borrowers, including on preparation of a PPSD and use of the Bank's online procurement planning and tracking tools (STEP-Systematic Tracking Exchange in Procurement) and contract management;
  - (c) In addition to the Bank's prior review of strategically-important and large value or complex contracts based on the Bank's standard prior review thresholds linked to risk, it is proposed that procurement supervision in the field be conducted at least twice per year, including delivering training and carrying ex-post reviews of no less than 20 percent of the contracts subject to the Bank's post review; and
  - (d) Request National Public Procurement Agency to expedite the process modification of government e-procurement system for ICB and selection of consultant other than QCBS method or use manual bidding process.

23. *Frequency of Procurement Supervision:* In addition to the Bank's prior review, it is recommended that at least one implementation support mission will be conducted each year during the project duration.

### **Environmental and Social**

24. The Bank has undertaken a screening of activities to be supported by the IPF Component in light of potential environmental and social risks and assigned a low risk category. The IPF Component triggered OP/BP 4.01 on the Environmental Assessment as an umbrella safeguards policy and OP/BP 4.10 on Indigenous Peoples due to the likelihood that the PforR activities supported by the IPF TA component will be implemented in districts with presence of Indigenous Peoples. The nature of the investments under this component will be limited to TA type of activities, and will not support any physical works or other activities that generate downstream adverse environmental and social impacts. The Integrated Safeguards Data Sheet (ISDS) was confirmed and revised during appraisal.

25. The TA activities aim to strengthen environmental and social measures proposed as part of the Environmental and Social System Assessment (ESSA) for the PforR preparation. The ESSA identifies the overall environmental and social effects are expected to be positive since the PforR seeks to support convergence of nutrition specific and sensitive interventions to reduce stunting. Key environmental concerns are associated with pharmaceutical waste disposal systems managed by *Posyandu* and *Puskesmas*. Whereas, social concerns are mostly related to people's ability to obtain basic services in an accessible, safe and inclusive manner.



26. The ESSA also considered whether the interventions supported by the PforR are delivered in a way that takes into consideration local contexts including literacy, language, and cultural aspects of the beneficiaries. Potential risks for inequality stemming from perceived or real differences in how benefits are distributed makes the need for an effective grievance redress system at the village level. The IPF Component will support the PforR Program to strengthen relevant measures to enhance environmental and social outcomes, including recruitment of social and environmental specialists, various capacity building programs to key stakeholders, BCC, IPC and awareness raising activities, development of a feedback and grievance redress strategy through the use of village scorecards and development of a strategy and instrument to monitor water quality by the district governments. No infrastructure investments will be supported by both IPF TA and INEY PforR

27. An ESSA of the PforR program was prepared. A workshop to finalize the ESSA was conducted on April 9, 2018 to ensure that PforR program's environmental and social risks, including follow-up actions, are agreed by key agencies.