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REPUBLIK INDONESIA

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# Strengthening of Project Loan Monitoring in Indonesia

Jakarta, 7 September 2022

MINISTRY OF FINANCE OF THE REPUBLIC OF INDONESIA  
DIRECTORATE GENERAL OF BUDGET FINANCING AND RISK MANAGEMENT  
DIRECTORATE OF EVALUATION, ACCOUNTING AND SETTLEMENT

1. Project Financial Reporting and Audit
2. Project Loan Monitoring and Evaluation



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# Project Financial Reporting and Audit



## GENERAL POLICY PROJECT FINANCIAL STATEMENTS (PFS)

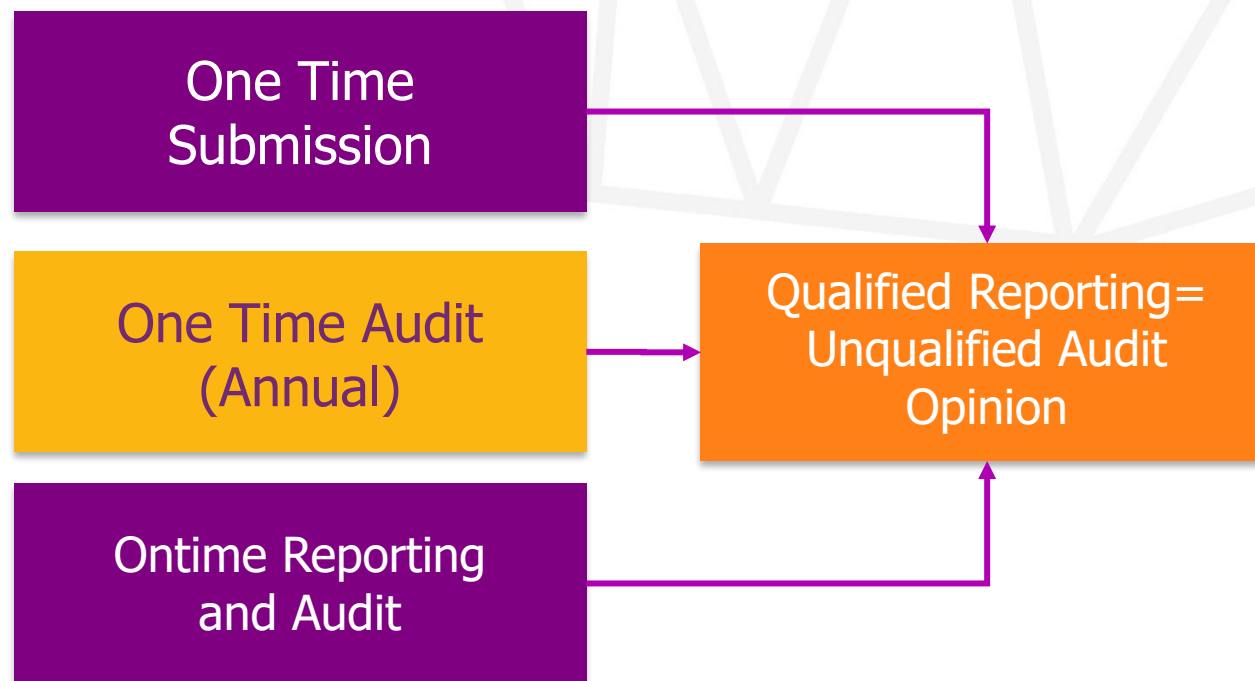
Project Financial Statements are  
Special Purpose Report for  
fulfilling the obligation stated in  
Loan/Grant Agreement

One Time  
Submission

One Time Audit  
(Annual)

Ontime Reporting  
and Audit

Qualified Reporting=  
Unqualified Audit  
Opinion



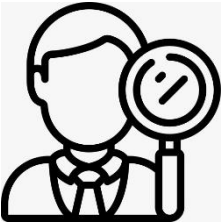
1



## REPORTING AND AUDIT STANDARD

Ministry of Finance has actively formulating policies and standard for PFS reporting and audit quality.

2



## COMMUNICATION WITH AUDITOR

Auditor's concern about PFS reporting and audit has been addressed and PMU has submitted PFS on time, hence the audit report could also timely published

3



## DISSEMINATION POLICIES DAN REGULATIONS TO AUDITEE

Better understanding for PFS reporting and audit would lead to Unqualified opinion from Auditor



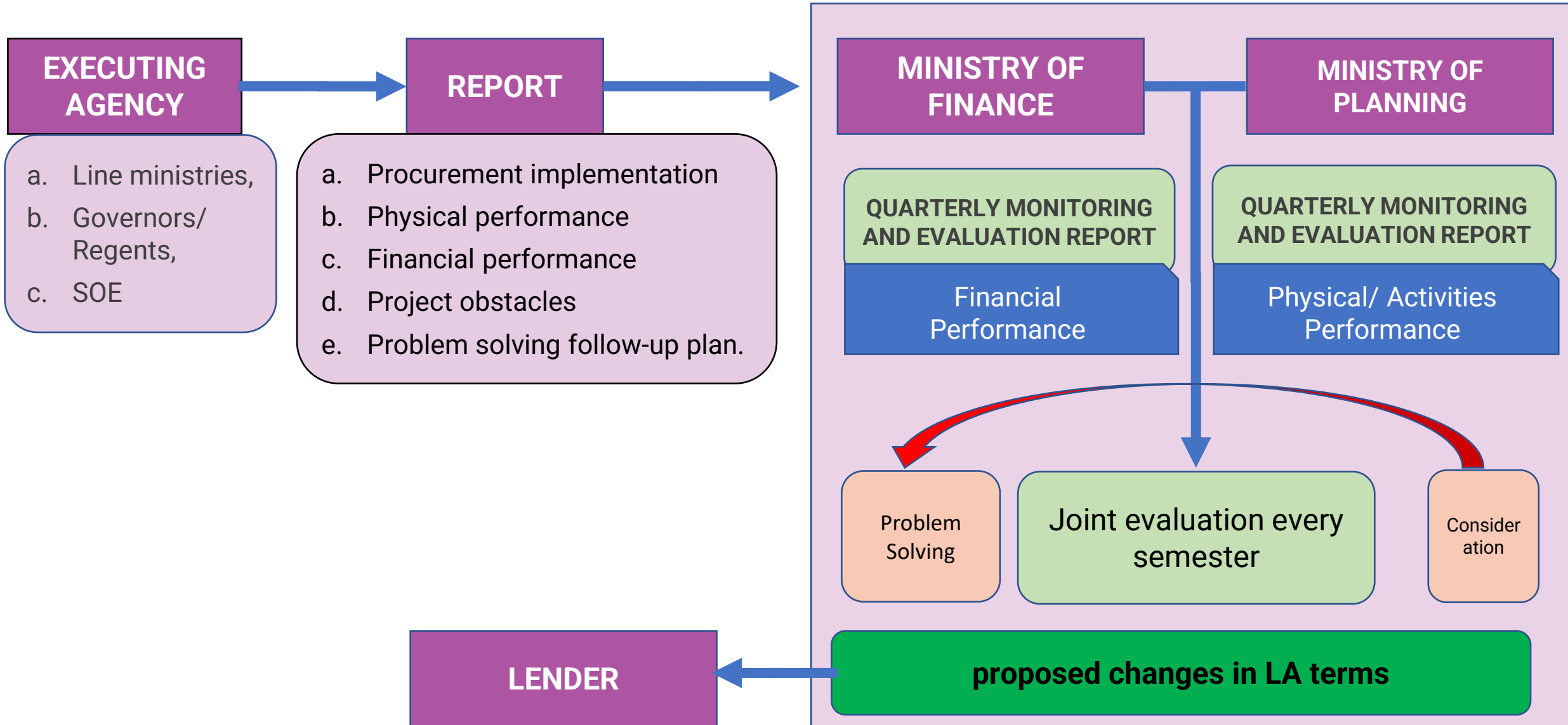
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# Project Loan Monitoring and Evaluation

# Project Loan Monitoring and Evaluation Process



# Joint Monitoring and Evaluation between Ministry of Finance and Ministry of Planning (Bappenas)



**Joint Publication**



**Joint On-Site Visit**

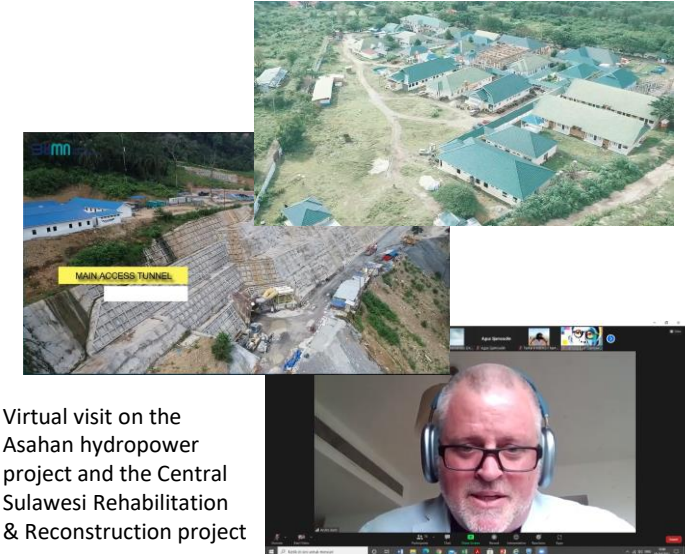


**MoU**



**Ministry of  
Planning**

**Ministry of  
Finance**



Virtual visit on the  
Asahan hydropower  
project and the Central  
Sulawesi Rehabilitation  
& Reconstruction project

**Data Exchange**

(Project performance & Financial performance)



**Coordination Meeting  
(Quarterly)**

The objective of MoU between MOF dan Bappenas:

improving the quality and validity of reports on the implementation of activities financed by External Loan and Grant.



# Early Warning for Project Delays

An early warning notification letter is submitted to EA  
To detect possible project delays/ slow disbursements



01

Experiencing the closing of the validity period in the next 2 (two) quarters from the current quarter



02

The availability period has ended but there are still funds left that have not been withdrawn



03

Not effective yet and/or unfulfilled first withdrawal requirements



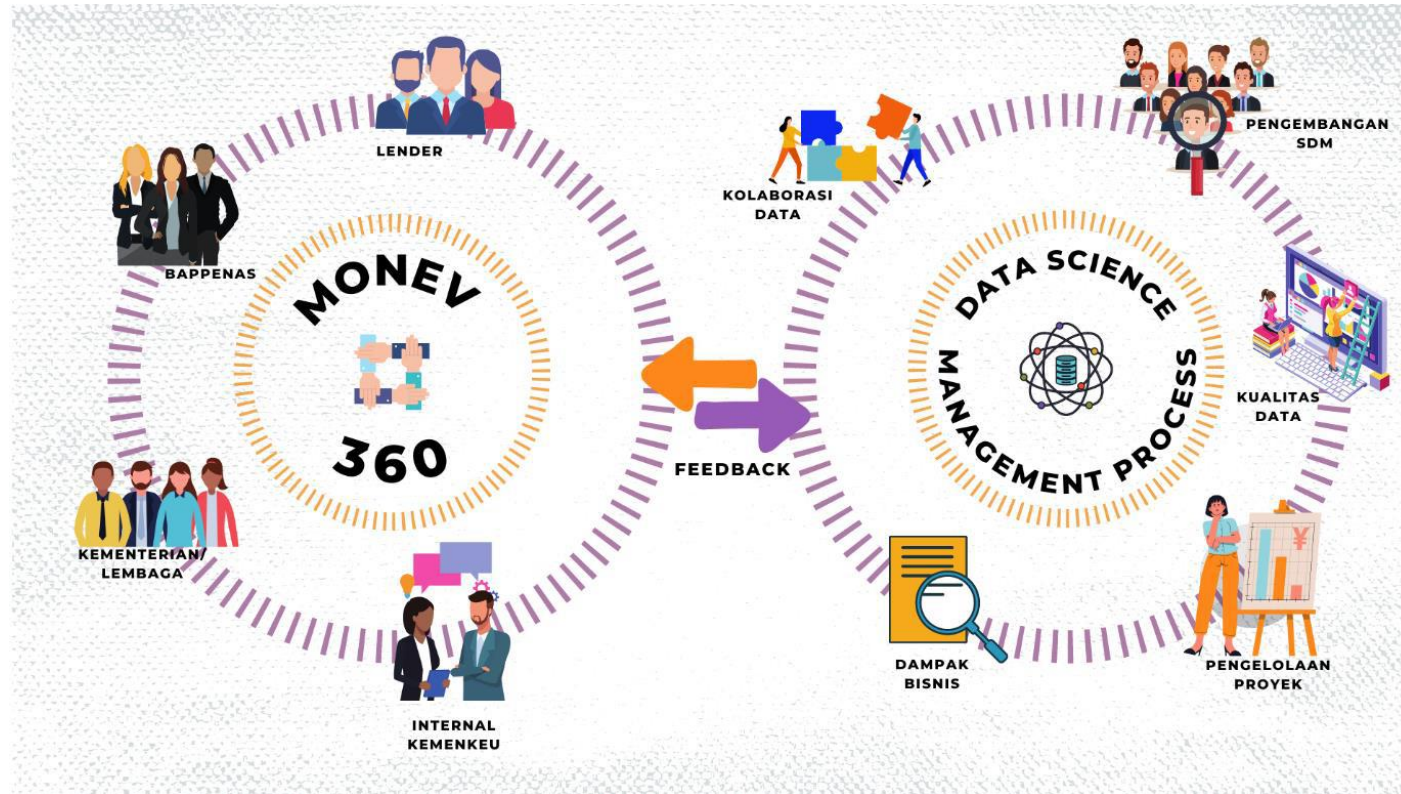
04

Effective but no withdrawals yet

Follow up:

1. Encouraging EA to accelerate the project performance
2. Facilitate EA to solve project problems
3. Propose changes in the LA terms: disbursement period, funds allocation, and partial cancellation, etc

# Data Analytics to Predict Projects Delay



1. Monev 360 collaboration (Line Ministries, Bappenas, Lenders, Ministry of Finance) for the implementation of Data Analytics tools in project planning and implementation.
2. By collaborating with the use of the same tools, there will be a common understanding of the risks of implementing projects financed by loans, where the risk of additional costs that arise is expected to be known by all parties involved in loan management.

# Indonesia's Experience to Avoid Project Delays

Prevent additional costs due to project delays

1. Project Financial Reporting and Auditing to improve transparency and accountability of project management
2. Strengthening Projects Loan Monitoring and Evaluation:
  - Joint monitoring and evaluation between Ministry of Finance and Ministry of Planning (Bappenas)
  - Develop early warning and data analytics to predict project delays.

# Thank you!



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Directorate General of Budget Financing and Risk Management

Ministry of Finance of The Republic of Indonesia

Gedung Frans Seda

Jalan Dr. Wahidin Raya No. 1 Jakarta

Tel. 021-3864778; Fax. 021-3843712

[www.djppr.kemenkeu.go.id](http://www.djppr.kemenkeu.go.id)