

Indonesia

Integrated Participatory Development and Management of the Irrigation Sector Project

Supervision Report

Main report and appendices

Mission Dates: 26 November - 7 December 2018

Document Date: 13/02/2019

Project No. 1100001706

Report No. 4979-ID

Asia and the Pacific Division
Programme Management Department

Abbreviations and Acronyms

ADB	Asian Development Bank
AEHRD	Agricultural Extension and Human Resource Development (of MoA)
APBD	Anggaran pembangunan dan belanja daerah / the local government's budget allocation
AWPB	Annual Work Plan and Budget
Bangda	Bina Pembangunan Daerah /DG Regional Development of Ministry of Home Affairs (MoHA)
BAPPEDA	Badan Perencanaan Pembangunan Daerah / Regional Development Planning Agency
BAPPENAS	Badan Perencanaan Pembangunan Nasional / National Development Planning Agency
BBI	Balai Benih Induk / Central Seed Agency
DI	Daerah Irigasi / Irrigation Schemes
DP	Development Partners
DPIU	District Project Implementing Unit
DPMU	District Project Management Unit
FA	Financing Agreements
FFS	Farmers Field School
FG	Farmer Groups
FiA	Finance Assistant
FO	Finance Officer
HYV	High Yielding Varieties
Juklak	Petunjuk Pelaksanaan / Project Implementation Guidance
Juknis	Petunjuk Teknis / Technical Guidance
KMC	Knowledge Management Centre
MoA	Ministry of Agriculture
MoHA	Ministry of Home Affairs
MoPWH	Ministry of Public Works and Housing
NPHD	Naskah perjanjian hibah daerah / on-granting agreements
NPIU	National Project Implementation Unit
NPMU	National Project Management Unit
PIM	Project Implementation Manual
PPIU	Provincial Project Implementing Unit
PPL	Petugas Penyuluh Lapangan / Extension Workers or Field Staff
PPMU	Provincial Project Management Unit
PU	Kementerian Pekerjaan Umum / Ministry of Public Works and Housing (MoPWH)
RBL	Result Based Lending
RPJMN	Rencana Pembangunan Jangka Menengah Nasional/Medium Term Development Planning
TPM	Tenaga Pendamping Masyarakat / Village facilitators
WG	Working Group
WUA	Water User Associations

A. Project Overview

Region:	Asia and the Pacific Division	Project at Risk Status:	Not at risk
Country:	Indonesia	Environmental and Social Category:	B
Project Name:	Integrated Participatory Development and Management of the Irrigation Sector Project	Climate Risk Classification:	3
Project Id:	1100001706	Executing Institution:	Ministry of Public Works and Housing
Project Type:	Irrigation	Implementing Institutions:	Ministry of Agriculture
CPM:	Ronald Thomas Hartman		
Project Director:	not available yet		
Project Area:	not available yet		

Approval Date	17/12/2015	Last audit receipt	08/01/2019
Signing Date	13/02/2017	Date of Last SIS Mission	07/12/2018
Entry into Force Date	13/02/2017	Number of SIS Missions	1
Available for Disbursement Date	11/07/2017	Number of extensions	0
First Disbursement Date	13/07/2017	Effectiveness lag	14 months
MTR Date	not available yet		
Original Completion Date	31/03/2023		
Current Completion Date	31/03/2023		
Financial Closure	not available yet		

Project total financing

IFAD Financing breakdown	Asia and the Pacific Division	\$1,500,000
	IFAD: KfW loan	\$98,500,000
Domestic Financing breakdown	National Government	\$152,900,000
Co-financing breakdown,	Asian Development Bank	\$600,000,000
Project total financing		\$852,900,000

Current Mission

Mission Dates: 26 November - 7 December 2018

Days in the field: 5

Mission composition: Nicolas Syed, Programme Officer and Mission leader; Ed Angeles, Financial Management Specialist; Muhammad Iskandar, Country Programme Analyst; Muhammad Yahya, Procurement Specialist; Ning Harpudiyanti (ADB) Irrigation, Institutional and Water User Associations Specialist; Sudar Dwi Atmanto (Bappenas/KMC), Irrigation and Agriculture specialist; Sidik Permana (Bappenas/KMC), Policy Specialist.

Field sites visited: Banyumas District (Central Java) and Pesawaran District (Lampung Province in South Sumatra)

B. Overall Assessment

Key SIS Indicator #1	Ø	Rating	Key SIS Indicator #2	Ø	Rating
Likelihood of Achieving the Development Objective		4	Assessment of the Overall Implementation Performance		4

Effectiveness and Developmental Focus	4	Project Management	4
Effectiveness	3	Quality of Project Management	4
Targeting and Outreach	4	Knowledge Management	4
Gender equality & women's participation	4	Value for Money	4
Agricultural Productivity	4	Coherence between AWPB and Implementation	3
Nutrition		Performance of M&E System	4
Adaptation to Climate Change	4	Requirements of Social, Environmental and Climate Assessment Procedures (SECAP)	4

Sustainability and Scaling-up	4	Financial Management and Execution	3
Institutions and Policy Engagement	4	Acceptable Disbursement Rate	1
Partnership-building	4	Quality of Financial Management	3
Human and Social Capital and Empowerment		Quality and Timeliness of Audit	5
Quality of Beneficiary Participation	5	Counterparts Funds	4
Responsiveness of Service Providers	4	Compliance with Loan Covenants	4
Environment and Natural Resource Management		Procurement	3
Exit Strategy	4		
Potential for Scaling-up	4		

Relevance

C. Mission Objectives and Key Conclusions

Background and Main Objective of the Mission

The Integrated Participatory Development and Management of Irrigation Project (IPDMIP) was approved by IFAD's Executive Board on 17 December 2015. The total project financing is US\$ 852.9 million, consisting of: an IFAD loan (No. ID-1445) of US\$98.5 million (or equivalent to EUR 93.15 million); an IFAD grant (No. ID-1446) of US\$ 1.5 million (or equivalent to EUR 1.41 million); Asian Development Bank co-financing of US\$ 600 million; and government contribution of an estimated US\$ 152.9 million. Since the approval of the IFAD financing the total IPDMIP programme has risen to US\$1.679 billion. The IFAD Financing Agreement entered into force on 13 February 2017 with project implementation commencing in August 2017. The project completion date is 31 March 2023, and the project closing date is 30 September 2023.

The goal of the IPDMIP is to improve food security and livelihoods in rural Indonesia, and its development objective is to increase the value of sustainable irrigated agriculture. The Project covers 74 districts in 16 provinces, where most project activities are managed and carried out. The project funds are channelled from national government to the provincial and district governments using an On-Granting mechanism.

The Project has four components: **Component 1:** Strengthened Policy and Institutional Frameworks for Irrigated Agriculture; **Component 2:** Improved Irrigation System Management; **Component 3:** Improved Irrigation Infrastructure implemented; **Component 4:** Increased Irrigated Agricultural Incomes. The IFAD loan finances agricultural activities under Component 4 led by the Ministry of Agriculture (MoA) and the IFAD grant supports sector level policy activities led by the Ministry of National Development Planning (Bappenas) under Component 1. The ADB loan, which adopts a Result Based Lending (RBL) modality, focusses on irrigation activities led by the Ministry of Public Works and Housing (MoPWH).

This first phase of the joint supervision mission, which focusses on the MoA led component, and the Bappenas grant, was undertaken from 26 November to the 7 December 2018. The second phase of the mission, focussing on Ministry of Home Affairs (MoHA) and MoPWH activities will be led and fielded by ADB in early 2019. The formal management letter addressed to Bappenas will be sent after the completion of the second phase of the mission. This report thus focusses solely on Component 4 and the Sub-component 1.3 funded under the Bappenas grant.

The objective of the mission was to (i) review the project's progress and performance towards achieving the agreed objectives and results; (ii) identify the project implementation issues and challenges; and (iii) support the project in speeding up the progress and enhancing implementation effectiveness. The ADB irrigation, institutional and Water User Association (WUA) specialist, two officers from the MoPWH and two experts from the Bappenas Knowledge Management Centre (KMC) team, took part in the field visits in Central Java.

The mission visited two districts in two target provinces: (i) the Banyumas district in Central Java, one of the districts that have allocated budget in 2018 for project activities and where implementation has effectively started, and (ii) the Pesawaran district, Lampung Province in South Sumatra, where no allocation was made for 2018.

Consultations were held with officials from the provincial and district governments, as well as the sub-national agencies (Dinas) of MoA and MoPWH and the Bappeda. The 10 day joint mission included 5 days of field work with a kick-off meeting held on the 19 November 2018, chaired by the Directorate for Water and Irrigation, Bappenas, and a wrap-up meeting held with the MoA on the 7 December 2018.

Key Mission Agreements and Conclusions

The mission concludes that the overall project performance is rated moderately satisfactory (4), in accordance with IFAD's performance assessment methodology[1]. Despite some early implementation delays, mainly related to the delayed approval of the Asian Development Bank financing, the project has made progress against some targets, such as the recruitment of NPIU consultants (61% of the target has been achieved), recruitment (28%) and training (22%) of new field-level extension officers, trainings of lead farmers (66%) and Farmer Field Schools (FFS) (20%). Another major hurdle that remains is the procurement of the firms, which will support the sub-national MoA Dinas' in the implementation of the project. The tendering is currently stalled due to continuing discussions on how to structure the bids.

Furthermore, expenditures are currently low due to inherent hurdles in the new financing mechanism, where local governments are expected to pre-finance project activities but have been reluctant to do so. The combined grant and loan cumulative expenditure rate is only 0.47% (0.4% of the loan and 7.4% for the grant), while the combined annual expenditure rate is 10.7% (33.5% for the grant and 8.8% for the loan). The combined average annual physical achievement rate is estimated at 49% (62% for the grant and 24% for the loan).

The mission notes however that these issues are being resolved. In fact, as of November 2018, 89% of districts and provinces (80 out of 90) have made allocations for IPDMIP activities in 2019. Similarly the procurement packages for the Baseline Survey and recruitment of the individual technical and regional consultants have been prepared and the process is ready to be launched. Following lessons learnt from the SOLID and CCDP projects, the procurement packages are being prepared on a geographical basis to ensure that the firms that are recruited have a strong field presence, which in turn will allow for effective on-the-ground facilitation.

In terms of implementation, while training activities are ongoing, the NPIU needs to ensure an adequate planning and

phasing of the value chain (VC) support and access to finance activities, in order to ensure that the component achieves its full potential. Similarly, coordination with the MoPWH and MoHA needs to improve to ensure that the entire project achieves its development objective. The M&E system that is being put in place can be very strong, provided some minor modifications are made to include gender and age disaggregated data.

The financial management of the project is adequate, however the current human resources may not be sufficient to manage the increasing workload that will come when all districts and provinces will submit financial reports and supporting documentation.

As such, the key agreed actions to expedite project implementation include:

Expedite and finalise the procurement of Baseline Survey, individual technical and regional consultants. The packages have been prepared and should be submitted to IFAD for no-objection as soon as possible. Once the NOL is obtained, the NPIU should begin the tendering process.

Close follow-up with non-allocating districts and provinces. The NPIU should visit each of the 10 remaining districts and provinces at least once by June 2019 and organise at least one follow-up visit each prior to the end of 2019 to ensure that they allocate for the 2020 AWPB.

Plan the phasing in of VC and access to finance. The NPIU should plan for these activities by early 2019 in order to begin implementation in late 2019 and full momentum by 2020.

Ensure that sufficient staffing of the Financial team in order to ensure rapid and efficient review of documents and reports submitted by sub-national implementing units. This will in turn ensure the swift and regular reimbursement of provinces and districts and will facilitate implementation.

[1] IFAD performance ratings are: highly satisfactory (6), satisfactory (5), moderately satisfactory (4), moderately unsatisfactory (3), unsatisfactory (2), and highly unsatisfactory (1).

D. Overview and Project Progress

The IPDMIP has recently completed its second year of implementation since becoming effective in February 2017. The MoA, who is responsible for the National Implementing Unit (NPIU) for the agricultural component financed by IFAD, has been proactive in establishing the project management structure and initiating project implementation activities, nonetheless there continue to be important delays in implementation. The combined disbursements from IFAD represent 3.7% of the total programme costs (3.36% for the loan and 24% for the grant).

The project has suffered some early implementation delays mainly due to the late approval and start up of the ADB financing and project activities. In addition, the introduction of an on-granting mechanism has created challenges for the early start of project activities at the subnational levels where the majority of the project investment is allocated. Under this mechanism, local governments are expected to pre-finance project activities by allocating funds from their annual budget allocations (*Anggaran Pembangunan dan Belanja Daerah* (APBD)).

One significant achievement of the project is the signing 88 on-granting agreements (*Naskah Perjanjian Hibah Daerah* (NPHD)) by the Directorate General of Fiscal Balance within Ministry of Finance (MoF) and local governments. The agreements were all signed by the 14 February 2018, which is also one of the reasons why 2018 expenditures are low. In fact, February was too late for Districts to allocate funds in the initial APBD, and with the revision of the APBD taking place around July, there were effectively only 4 to 5 months of implementation. Nonetheless, while 32 districts and 4 provinces allocated funds in 2018, 65 districts and 15 provinces allocated funds for 2019, an increase of 103% for districts and 275% for provinces. To date 9 districts and 1 province have yet to allocate.

During discussions at sub-national levels, the local governments and agencies highlighted a number of reasons why some districts have not allocated funds from their APBD to the IPDMIP project, namely: (i) **budget availability**: budgets are allocated to other activities considered higher priorities, thus leaving little or no funds for IPDMIP. This was the case in the Mesuji district (Lampung province), the District Head (Bupati) instructed the Dinas MoA that they would not be able to allocate funds to IPDMIP in 2019 due to budget availability. A similar issues was raised by the Lampung Province Dinas MoA who wanted to allocated IDR 2 billion but were told that only IDR 400 million was available; (ii) **limited liquidity**: concerns with the reimbursement process, whereas a lack of clarity on the process and delays in past reimbursement processes (unrelated to IPDMIP) have undermined the sub-national governments confidence in timely reimbursements. In one instance, the mission was informed that the reimbursement took around 8 months; (iii) **a lack of coordination** between the various Dinas' at district and provincial level, whereas there have been some cases where the Dinas MoA has said they are waiting for Dinas MoPWH activities to start; and (iv) **a lack of experience with on-granting**, whereas decentralized administrations are used to receiving grants from central government and are not used to pre-financing project activities.

In this context, in order expedite the allocation of IPDMIP funds, the mission proposes the following actions:

For the NPIU: (i) undertake at least one sensitisation mission to each district and province that has not allocated funds, in order to better explain the project and the impact that the project is expected to generate. In addition, the NPIU should inform these districts and provinces that they may be dropped from the project if they do not allocate funds for 2020. (ii) disseminate guidance manuals on the on-granting mechanism; (iii) submit the procurement packages for the management consultants to IFAD for no-objection (iv) approach the MoF to explore the possibility of organising a national consultation on the on-granting mechanism.

For the PPIU: organise cross-district visits in those Provinces where some districts have begun activities and others have not, so as to sensitize the non-allocating districts.

Component 4: Increased Irrigated Agriculture Income -Sub Component 4.1: Improved Farm Productivity and Services

The performance of this sub-component is rated moderately unsatisfactory (3). The expected results are better extension services, easier access to quality rice seeds and better access to mechanization, harvest and post-harvest services. According to the report submitted by the NPIU, the average physical achievement rate for this sub-component in 2018 is approximately 7%, while the annual expenditure rate is 2.14%.

Access to seeds. In the Central Java province, the project purchased stock seeds from 2 BBI centres (one in Semarang and one in Banyumas). The stock seed purchased from Semarang was distributed directly to farmers in Pati district, as the farmers prefer to use stock seed instead of extension seed. The seed purchased in Banyumas however was distributed to multiplier farmers to produce extension seed to be distributed to farmers in 2019.

Recruitments. To date, 199 (28.7%) of 694 new extension officers have been recruited, of which 91 (46%) are women. These extension officers are recruited to ensure that there are sufficient agricultural extension officers (*Penyuluh Pertanian Lapangan* (PPL)) to field one officer per roughly 250 ha (or per 500 farmers) in the project area. Discussions with 6 extension officers in the Banyumas district have confirmed that each PPL works with 10 FG on average (of which 2 are engaged in IPDMIP), or about 250 to 300 farmers. Refresher courses for all extension officers are also being undertaken, however the extension officers met highlighted that they would need more specific trainings on the new technologies being applied.

Farmer Trainings. The trainings of trainers for lead farmers are on-going at a good pace, whereas 640 lead farmers have been trained, representing approximately 66% of the annual target. These trainings include trainings of trainers, so the

lead farmers can support the PPLs during the FFS trainings, as well sessions covering various aspects of the project so that the lead farmers can mobilise and sensitise the other members of the FG.

In terms of the FFS, the topics covered focus mainly on good agricultural practices to improve production and productivity, such as line planting, use of fertilizer and organic pesticide identification of diseases, and the identification of good seeds. The demonstration plots used have been able to generate increases in productivity of approximately 39%, however the farmers trained are yet to apply this knowledge on their own fields. Furthermore, some farmers reported that damage caused by rats causes losses of up to 20% of their production, and have requested the project to help them deal with this problem. As such, including pest management trainings to the FFS could help increase productivity even more.

The FFS trainings focus solely on rice, as per project design, however discussions with farmers have highlighted how they also produce high value crops, such as chili in the Banyumas district, and how they would benefit from trainings on such crops rather than only rice. The value chain mappings which will be undertaken in 2019 and 2020 can help inform which high-value crops to focus on. Similarly, farmers in the Banyumas district also highlighted how many of them also rely on pond fisheries for their livelihoods. In this context, the mission suggests that the PPL also put the farmers in contact with extensions officers from the Ministry of Marine Affairs and Fisheries.

Farmer to farmer knowledge sharing. As of November 2018, 92 (5% of the annual target) knowledge events took place, of which 76 farmer to farmer forums and 16 cross village visits. These events allow farmers to learn from each other and consolidate the knowledge they learn during the various FFS and trainings. In some cases, these events may also help improve their understanding of the project, and in particular help the FG improve their interaction with the Water User Associations (WUA). For example, the FG in the Notog village, Pesawaran district, will be able to share their good practice of registering all their FG members as members of the WUA as well, thus ensuring coordination between the two field level institutions.

Equipment demonstrations. In 2018 only 8 of 202 equipment demonstrations (4%) have taken place. These focus on the use of machinery such as tractors and combine harvesters. According to the extension officers in Banyumas, the farmers who attended the demonstration in the district have received government support to purchase or rent such machinery.

Sub Component 4.2: Improved Market Access and Services. The performance of this sub-component is rated unsatisfactory (2). The objectives of the Sub-component are: (i) to facilitate improved efficiency and equity in the initial stages of the rice value chain, and; (ii) to facilitate the inclusive growth of value chains for high value irrigated crops, especially vegetables initially in Java and Sumatra. Activities focus on the post-harvest aspects and include facilitating public and private investment through combined funding instruments – including a VC fund – supported by consultation platforms and capacity development initiatives for rice, vegetables and technology access.

Very few activities have been undertaken in this sub-component, with an estimated physical achievement rate of 2.4%. This is due to the delays in the recruitment of the VC specialist, the lack of experience with VC activities and mapping, and the delays in fund allocation at sub-national level.

According to the progress report, rice value chain mappings have been undertaken in 3 districts, namely Bima, Tolitoli and Ngawi. These are districts where the Dinas MoA have previous experience with VC mapping and were able to undertake them with little or no guidance from the NPIU. In 2019, with the recruitment of the VC specialist and the field level management consultants, the NPIU is planning on undertaking rice VC mappings in all districts, while in 2020 VC mappings will focus on selected high value crops. In addition, a VC validation workshop was undertaken in Bima district. The workshop was held to validate the mapping in consultation with all the VC actors.

With respect to the VC mappings, the mission recommends that the mappings undertaken in 2019 and 2020 take into account the gender dimension of the rice and other VC. For example, the members of a women only group from the Banyumas district explained to mission members how they are mainly involved in off-farm activities, such as the production of cassava chips in this specific example. To ensure strong involvement of women in project activities, an in-depth analysis of the role of women in the various VC must be undertaken, as this will allow to identify relevant activities to support women empowerment.

Sub Component 4.3: Improved Financial Access and Services. The performance of this sub-component is rated as moderately satisfactory (4), although no activities were planned for 2018, and hence none were undertaken. While the recruitment of the rural financial specialist will be finalised by December 2018, the rest of the activities will be phased in alongside the VC support activities as of 2019.

The objective of this Sub-component is to provide large numbers of farmers in project areas with both the confidence and the means to be able to use and manage savings and credit for productive and investment purposes. In fact, this sub-component aims to provide farmers with improved financial literacy and better access to adapted financial instruments by helping the FG to establish themselves as independent savings and loans groups (KSP) and/or linking FG with other cooperative financial institutions. The planning of activities in 2019 will be undertaken under the guidance of the Rural Finance specialist whose recruitment will be completed before the end of 2018. In this context, the mission recommends that the NPIU plan for such activities by mid-2019 in order to prepare and launch such activities by late 2019, so as to be in full swing by 2020.

Sub-Component 1.3: Improved Policy Coordination for Irrigated Agriculture. The performance of this component is rated as moderately satisfactory (4), whereas the estimated annual physical progress is 73% of the AWPB, with an annual expenditure rate of 33%.

The Knowledge Management Centre (KMC) is intended to coordinate support for smallholder irrigated agriculture, promote policy dialogue among domestic stakeholders and strengthen national and local policy processes. To achieve this goal, the KMC's development objective is to improve the process for policy making for sustainable, smallholder irrigated agriculture, making it more evidence-based and consultative.

Establishment of Secretariat and Working Group (WG). Bappenas has established the KMC Secretariat comprised of a project assistant, an irrigation and agriculture specialist, a policy development specialist and a water specialist. The secretariat is also supported by a financial and an administrative officer.

The KMC has also established a WG consisting of representatives from Bappenas, MoPWH, MoA, MoHA and the Coordinating Ministry for Economic Affairs. The Working Group has been established with a government decree of the 5 March 2018. However, the WG has met only once in 2018, and such the mission recommends that the mission meets at least once every quarter in 2019.

The Indonesia Irrigation Forum. The KMC organised a national Irrigation Forum on the 30 and 31 October 2018 in Jakarta. The objective of the Forum was to take stock of the available knowledge on irrigation and other related issues such as agriculture, climate and access to finance for farmers. Following this workshop, the KMC is analysing the main policy topics and issues discussed, and is identifying the most relevant issues to be the subject of more in-depth thematic studies in the coming years. The ultimate objective is to promote policy proposals to improve the management of irrigation.

Meeting with Development Partners (DP) and other Ministry agencies. The KMC also organised a meeting with DPs in May 2018 to identify their irrigation related projects in Indonesia. This mapping will help the KMC coordinate the various irrigation projects on-going in Indonesia and foster better cross-project knowledge management.

Furthermore, the KMC Secretariat has also engaged in various meetings with the MoA, MoPWH and MoHA, as well as with institutions such as the *Balai Besar Sumber Daya Lahan Pertanian* (Centre for Agriculture Land Resources in Bogor) and the *Balai Penelitian dan Pengembangan Irigasi* (Center for Research and Development of Irrigation). The objective of these meetings was to learn about the existing knowledge products and activities being developed by each of them and identify potential partnerships with the KMC.

Thematic Studies and support to the RPJMN The KMC is also tasked with preparing thematic studies and supporting the preparation of the Medium Term Development Planning (RPJMN) 2020 – 2024. In this context, the KMC is preparing to undertake thematic studies on: (i) the utilization of irrigation infrastructure for micro hydro; (ii) study on swamps and their potential in Indonesia, and; (iii) the development of management information system of the KMC. The KMC has also been providing data, information and knowledge on irrigation and related issues for the drafting of the RPJMN.

Support to IPDMIP. The KMC has also been providing management support and guidance to the IPDMIP NPMU and NPIU. While this has been needed in this first year and a half of implementation, the mission and the KMC recognise that this is not the main role of the KMC. there are other areas of support where the KMC could intervene, for example developing national policies and guidelines for coordination between the WUA, FG and Irrigation Committees, as well as guidelines for the NPMU and NPIU on how to ensure better coordination, in particular in terms of the selection of irrigation works and FG, in order to ensure that the irrigation and agriculture components of the project complement each other.

Agreed Action	Responsibility	Agreed Date
Overview and Project Progress		
Disseminate guidance manual on the on-granting mechanism	NPIU	12/2018
Regional Technical consultant packages Following lessons learnt from the SOLID and CCDP projects, prepare the procurement packages for the technical consultants on a geographical basis	NPIU	01/2019
Finalise procurement packages for Baseline Survey, Individual Technical and Regional Consultants Submit the procurement packages for No-Objection (December 2018) and launch tender (January 2019)	NPIU	01/2019
Organise a consultation with relevant Government stakeholders on on-granting Approach the MoF to organise a government wide consultation on the on-granting mechanism	NPMU/NPIU/IFAD	03/2019
Cross district sensitisation Organise cross-district visits so as to support the sensitisation of the non-allocating districts	NPIU/PPIUs	04/2019
Include high-value crops in FFS Where relevant, and in consultation with the FG, include high-value crops in the FFS	NPIU and Dinas MoA	04/2019
Inclusion of pest management Including pest management in FFS trainings could contribute to increasing rice productivity even further, given that pests (rats) cause losses of up to 20% of production.	Dinas Pertanian	04/2019
Additional sensitisation and mobilisation Undertake at least one sensitisation and mobilisation mission to each district and province that have not allocated funds, in order to better explain the project and the impact that the project is expected to generate for their constituencies	NPIU	06/2019
Undertake Value Chain mappings Undertake rice VC mappings by mid- 2019 in order to adequately plan for VC support activities in late 2019 and 2020	NPIU and Dinas MoA	06/2019
Value Chain Gender Dimension Ensure that the above-mentioned VC mappings and studies include a gender dimension to identify relevant VC and activities to support gender empowerment	NPIU and Dinas MoA	06/2019
Plan for rural finance activities Plan for rural finance activities by mid-2019 in order to prepare and launch such activities by late 2019, so as to be in full swing by 2020.	NPIU and Dinas MoA	06/2019

E. Project implementation

a. Development Effectiveness

Effectiveness and Developmental Focus

Effectiveness

Rating: 3

Justification of rating

Development effectiveness is rated moderately unsatisfactory notwithstanding the important delays in implementation. In fact, although the FFS trainings and other activities have not yet completed a full agricultural cycle, and practices have not yet been adopted by farmers, initial demonstrations have recorded increases in productivity of 39%. There is thus some evidence that some of outputs (access to improved extension services) and outcomes (increase in production of rice) will be achieved. Furthermore implementation is expected to accelerate significantly in 2019, thus the overall development objective is still achievable by the completion date.

Log-Frame Analysis & Main Issues of Effectiveness

Although the project has been effective for two years, delays in some crucial start-up activities, such as the signing of the on-granting agreements, has effectively reduced the actual implementation time to about half a year. As such, it is still too early to accurately assess the effectiveness of the project to date.

Nonetheless, the project has made advances in terms of achieving the expected outputs, whereas the recruitment of new extension officers is proceeding and they have been crucial in the delivery the initial trainings. Similarly, the efforts made by the NPIU have led to budget allocations in 89% of the district and provinces in 2019 (80 out of 90) against 41% (37 out of 90) in 2018. As such, the mission expects there to be major improvements by mid-to end 2019.

Development Focus

Targeting and Outreach

Rating: 4

Justification of rating

Targeting and outreach is rated as moderately satisfactory. In fact, the targeting of the FG to date has been accurate and the field visits have confirmed that the members of the FG are indeed the people that the project intended to target as per design, in terms of geographical areas and socio-economic conditions. Furthermore, although the current outreach to date may be considered low given that only 41% of the targeted districts and provinces have implemented activities in 2018, 89% of the provinces and districts have now allocated funds for 2019.

Main issues

The main issue is that the outreach levels are currently low, although it is impossible to verify due to the lack of data, given that only 41% of the targeted districts and provinces have actually allocated funds for the project. Nonetheless given that 89% of the target districts and provinces have allocated funds for 2019, the outreach is expected to reach optimal figures at the latest by the end of 2019. In addition, the NPIU must ensure that the relevant data on outreach is collected.

The targeting of the value chain and financial access activities will be crucial if this rating is to improve. The challenge will be to ensure that the VC bottlenecks are correctly identified in order to ensure that the relevant target groups receive appropriate support to overcome these bottlenecks.

There are also some concerns on the selection of MoPWH rehabilitation works and the selection of the FG, whereas some of the Dinas MoPWH seems to want to change the areas of the rehabilitation works without consulting the Dinas MoA. This may affect the complementarity of the activities, whereas canals may be rehabilitated in areas where FG have not received training from MoA. As such, the NPIU and NPMU must ensure better communication at national level, and the DPIU/PPIU must ensure better communication with the DPMU/PPMU at sub-national levels.

Gender equality & women's participation

Rating: 4

Justification of rating

Gender equality and women's participation is rated as moderately satisfactory. In fact, while gender dis-aggregated data is not available for all activities, the mission notes that the project has a strong gender focus: field visits have highlighted the existence of at least one all-women FG of 30 members and discussions with representatives from 4 FG revealed that approximately 23% of the members of the 4 groups combined are women, against a target of 30%. In addition 49% of the newly recruited extension officers are women.

The NPIU has also recruited a gender specialist who is currently working to ensure the collection of disaggregated data in the M&E system. The VC activities planned in 2019/2020 will take into account specific VC where there is an important involvement of women.

Main issues

The main issues regarding gender equality and women's participation include: (i) the FFS trainings are more tailored towards men who dominate the on-farm activities; (ii) there is a lack of disaggregated data at the moment; (iii) the VC and finance to access activities, which have a larger potential to support women than the FFS and trainings, have not yet begun.

In this context, the mission recommends makes the following recommendations for the NPIU, PPIU and DPIUs: (i) Develop tailored trainings for women farmers, which could include homestead gardening and off-farm activities, and ensure there is sufficient participation of women in the planning of such trainings. (ii) Map women-centred VC to ensure that the VC sub-component supports activities favoured by women. For example, the women only FG the mission met in Banyumas explained how they focus more on off-farm activities and are producing cassava chips. However they are not able to sell these chips beyond the FG members, as they have little marketing know-how and a low levels of production. (iii) Collect gender-disaggregated data (also refer to M&E section).

Agreed Action	Responsibility	Agreed Date
Development Effectiveness		
Develop tailored trainings Develop tailored trainings for women farmers, which could include homestead gardening and other agriculture related activities, and ensure there is sufficient participation of women in the planning of such trainings.	NPIU, PPIU, DPIU	06/2019
Value Chain Gender Dimension Ensure that the above-mentioned VC mappings and studies include a gender dimension to identify relevant VC and activities to support gender empowerment	NPIU and Dinas MoA	06/2019

Agricultural Productivity

Rating: 4

Justification of rating

Agricultural productivity is rated as moderately satisfactory as the demonstrations have shown potential to lead good improvements in productivity. Although it is too early to accurately assess how the trainings and provision of seeds will impact productivity, as the farmers trained are yet to apply this knowledge on their own fields, the on-going demonstrations undertaken by FG lead farmers to date have able to generate increases in productivity of approximately 39%. These improvements are expected to be replicated by the trained farmers in the coming agricultural seasons.

Main issues

Some farmers reported that damage caused by rats causes losses of up to 20% of their production, and have requested the project to help them deal with this problem. As such, including pest management trainings to the FFS could help increase productivity even more.

The FFS trainings focus solely on rice, as per project design, however discussions with farmers have highlighted how they also produce high value crops, such as chili in the Banyumas district, and how they would benefit from trainings on such crops rather than only rice. The value chain mappings which will be undertaken in 2019 and 2020 can help inform which high-value crops to focus on. The recommendations have been provided in the Overview and Project Progress section.

Nutrition

Rating:

Adaptation to Climate Change

Rating: 4

Justification of rating

The adaption to climate change is rates as moderately satisfactory, as adaptation to climate change is a core project objective. In fact, more than 75% of the overall interventions are building the resilience of communities including the rehabilitation of irrigation canals to reduce reliance on rain fed agriculture; the FFS trainings include climate change adaption practices for rice production; refresher courses are provided to extension officers to ensure that their knowledge on climate adaptation measures are sufficiently maintained.

b. Sustainability and Scaling up

Institutions and Policy Engagement

Rating: 4

Justification of rating

The institutions and policy engagement is rated as moderately satisfactory, as the project is influencing relevant policies through the production of evidence in policy processes and is increasing the capacity of Bappenas to design and implement policies. In fact, the KMC has been able to drawing policy makers' attention to various issues pertaining to irrigation and water management such as through organising a national Irrigation Forum in November 2019, and is in the process of producing studies and analyses on the utilization of irrigation infrastructure for micro hydro and on the potential of swamplands for Agriculture, in order to provide evidence for the policy making process.

Partnership-building

Rating: 4

Justification of rating

Partnership building is rated as moderately satisfactory, although IPDMIP was designed with a strong focus on partnerships. The project is a co-financed project with a large contribution from ADB, and includes 4 different implementing agencies (MoA, MoPWH, MoHA and Bappenas) that implement inter-dependent and complementary components. The agricultural component has already established partnership with national seed research and production institutions. In addition other components on VC development and access to finance will benefit from partnership with other private sector actors and financial institutions. As activities under these sub-components have not yet begun, the rating on partnerships is likely to improve in the future.

Main issues

The implementation of the project relies on the strong coordination between these partners, which is an area that can still be improved. In fact there is a lack of communication at national and sub-national level as coordination meetings are not being held. A clear example was highlighted where the Dinas MoPWH in some areas are looking to change the intervention areas but had not informed the Dinas MoA. It will be important in the coming years for the NPMU to organise regular coordination meetings. Improving this coordination will ensure better ratings in the future.

Partner Name (may also include networks, multi-stakeholder partnerships etc.)	Details of partnership <i>Indicate whether NGO, INGO, UN agency, Government agency etc. Is the partnership based on written agreement? Provide any additional details about the partnership</i>
Cofinancing partnerships	
Asian Development Bank (ADB)	The international co-financing ratio for IPDMIP is 6, whereas ADB provides USD 600 million of co-financing, against IFAD's USD 100 million. The co-financing is on a parallel basis, with separate implementing agencies, but ADB and IFAD have committed to joint supervisions and reporting. This co-financing is part of a long standing partnership between the two agencies in Indonesia and APR.
KM and Policy partners	
Bappenas – Knowledge management centre.	The USD 1 million grant provided to GoI/Bappenas for the KMC is part of the project's FA. The role of the KMC as explained in this report is to provide evidence based policy engagement and to strengthen and consolidate the knowledge generation of the project.

Private Sector	
Agribusiness service providers and financial institutions	There are currently no partnership with private sector actors, nonetheless the VC support and financial access activities that will be implemented as of 2019 will target potential private sector actors such as agribusiness service providers and financial institutions. These partnerships will be used to leverage extension service provision, input supply, markets for agricultural products, and financing.
Coordination/Implementing Partners	
MoPWH, MoHA, Bappenas. and their sub-national agencies, and Provincial and District governments.	The project is structured around one NPMU from the MoPWH and 2 NPIUs from MoA and MoHA, with Bappenas implementing the IFAD grant activities. At sub-national level, the different agencies of these ministries are responsible for the implementation of the project. In addition, the success of the project hinges on the full buy-in of local governments as they are expected to pre-finance activities through the on-granting mechanism.

Human and Social Capital and Empowerment

Rating:

Quality of Beneficiary Participation

Rating: 5

Justification of rating

The quality of beneficiary participation is satisfactory, whereas the extension officers consult with the FG members in order to tailor the trainings to the needs of the farmers, although the trainings remain focussed on rice – and not other high value crops as some farmers have asked for – as per design. Furthermore the FG leaders have received training and also support the FFS by dedicating some of their plots of land for demonstrations, and by following their fellow farmers when the PPLs are not available. In addition, in order to attend the FFS many farmers have to forego working on their own land, albeit for a few hours a week. The participation of women in consultations and tailoring of trainings to their needs still needs to be assessed accurately.

Responsiveness of Service Providers

Rating: 4

Justification of rating

The responsiveness of service providers is rated as moderately satisfactory. Currently the only service providers working with the project are 2 BBIs who have supplied the project with the necessary quantity and quality of rice seeds for project distribution. The rice seeds also respond to the demands of the beneficiaries.

Environment and Natural Resource Management

Rating:

Exit Strategy

Rating: 4

Justification of rating

The exit strategy is rated as moderately satisfactory. In fact, the strategy is well defined in terms of GoI ownership, whereas the KMC is strongly embedded in the government planning process within Bappenas, and the newly recruited extension officers have the potential to be recruited long-term. Furthermore, notwithstanding some initial difficulties, the on-granting mechanism where the local governments pre-finance activities ensures that there is an important local buy-in and the potential for local governments to continue those activities that they consider relevant. Finally, the training of

farmer leaders will ensure that the knowledge generated by the trainings is passed on to other farmers.

Main issues

If on-going extension services are to be sustained, the Gol - both centrally and via local government - will need to consider providing financial resources to ensure sufficient extension officers continue to be employed beyond the Project and consider investing financial resources to train and support farmers at the village level. A critical policy output of the Project at both the central and local level will, therefore, be to establish robust evidence of the benefits and costs of effective demand-driven public extension service and demonstrate the business case for increased public investment in extension.

Potential for Scaling-up

Rating: 4

Justification of rating

The potential for scaling up is rated as moderately satisfactory. The foundation of the project design is to facilitate the development of a new irrigated agriculture model that ensures that smallholder farmers are at the centre. This will be achieved through piloting innovations, capturing lessons learned, and then replicating and scaling up within Gol's own sector support schemes for smallholder irrigated agricultural production and produce marketing. In fact, the NPMO and NPIU will facilitate the piloting of innovations during implementation and, with support from the KMC, will analyse the evidence generated by the pilots in order support the scaling-up of successful approaches within the existing government schemes.

c. Project Management

Quality of Project Management

Rating: 4

Justification of rating

The quality of project management is rated as moderately satisfactory. The NPIU has made efforts to improve the quality of project management, which has resulted in the recruitment of most of the relevant staff – although some of the specialist consultants have yet to be contracted – and in the allocation of IPDMIP activities in the APBD from 80 districts and provinces (up from 37 in 2018). Nonetheless, there are still a number of shortcomings at field level, namely in terms of coordination and implementation also due to the delays in the hiring of the management consultants at sub-national level. The mission notes that about 50% of the implementation support mission (ISM) recommendations were addressed, namely engaging with local governments and the recruitment of project staff.

Main issues

The main issues related to project management relate mainly to the sub-national management, where the consulting firms tasked with supporting the PPIU and DPIU with the management of the project have not yet been recruited. In this context, the main shortcoming of the management at national level has been not completing this procurement package. While factors external to the NPIU have been the root cause of these delays – such as discussions within the MoA on how to structure the bids for the consultancy packages – the NPIU could have been more pro-active in pursuing different options rather than waiting for directives from IFAD or senior MoA officials.

In addition, there are concerns on the coordination between the implementing agencies at national and sub-national level. These had been raised by the ISM fielded in May 2018, but no real progress has been made. Consultations with the NPIU have highlighted that interaction with the NPMU are scarce, and at field level many of the PPIUs and DPIUs are not aware of the where the MoPWH rehabilitation works will take place. Given that the solutions to these issues cannot come solely from the NPIU and MoA, more efforts should be made by the NPMU and the MoHA NPIU to arrange frequent coordination meetings. The recruitment of the management firms should also improve coordination, given that the Dinas staff are not assigned full-time to the project, while these consultant staff will be.

The final issue also relates to the communication with the local governments at provincial and district levels. Although this seems to have improved with the increasing numbers of them allocating funds to IPDMIP, the NPIU should organise at least one sensitisation mission to each district and province that has not allocated funds in 2019 to present the potential transformative impact of the project as an opportunity to accelerate the agricultural development of their constituencies.

The recommendations made in the overview and progress section are also relevant to the project management, so no other recommendations are made in this section.

Knowledge Management

Rating: 4

Justification of rating

Knowledge management is rated as moderately satisfactory. Although it is still early to accurately assess the KM aspects of the implementation of this project, the design of IPDMIP is strongly focussed on KM. The KM is ensured by the KMC, which will capture the relevant policy implications and thematic studies generated by the project, and will gather knowledge from other sources and projects. The learning systems are adequate and activities will include a series of knowledge sharing events planned at field level, including support from 9 learning centres. The NPIU, however, does not include a KM officer and neither the NPIU nor the KMC have developed a KM plan as of yet.

Main issues

The KMC has already undertaken a national forum on irrigation and is in the process of drafting the report, which will highlight a number of important policy aspects relating to irrigation. The KMC is also preparing a series of thematic studies (on (i) the utilization of irrigation infrastructure for micro hydro; (ii) study on swamps and their potential in Indonesia, and; (iii) the development of management information system of the KMC) that will inform the Gol medium-term development plan. In addition to the KMC, a number of farmer-to-farmer knowledge forums have been held, as well as cross-village learning visits, both of which allow farmers to share and compare knowledge they have acquired through the project trainings.

However, the KMC does not focus solely on the IPDMIP project, and there is no provision for a KM officer within the NPIU, nor is there a KM strategy. As such, the staff at field level, with support from the management firms, must be guided on how to develop KM products and the collection of data and information, to ensure that lessons learnt can be adequately captured and disseminated. The mission recommends that the NPIU and KMC develop a clear KM plan to guide the generation and dissemination of knowledge throughout the project lifetime.

<i>Agreed Action</i>	<i>Responsibility</i>	<i>Agreed Date</i>
Project Management		
Develop a KM plan and consider recruiting a part-time KM officer	NPIU and KMC	06/2019

Value for Money

Rating: 4

Justification of rating

The value for money is rated as moderately satisfactory, whereas project implementation is somewhat efficient and the project investments represent satisfactory value for money. However some project activities are implemented with delays. The project is still in the early implementation phase and is expected to gain momentum during 2019.

Main issues

A brief analysis of the annual inputs (expenditures) to outputs show that as of November 2018 the project has achieved approximately 49% of the combined loan and grant annual output targets while recording a combined annual expenditure rate of only 11%. Furthermore, an international co-financing ratio of 6 – the ADB contribution to IPDMIP is USD 600 million against the USD 100 million from IFAD – ensures an exceptionally high value for money for the IFAD investment.

With regards to activities implemented under the loan financing, the project has achieved 24% of the planned outputs while spending 8.8% of the annual budget. This is also due to the fact that the NPIU costs, including consultants, furniture and equipment, are 42% lower than initially budgeted. With regards to the implementation of the grant, the KMC has achieved 73% of its annual targets while recording annual expenditures of 33.5%.

In this context, while there are delays in the implementation of activities, both the loan financing and grant financing are showing strong value for money. Furthermore, the rate of implementation is expected to improve substantially in 2019 and with it even more outputs and outcomes are expected to be achieved, thus improving the value for money of IPDMIP. A more in-depth Economic and Financial Analysis (EFA), including a cost-benefit analysis, will be undertaken at MTR.

Coherence between AWPB and Implementation

Rating: 3

Justification of rating

The coherence with the AWPB is rated as moderately unsatisfactory as the NPIU and KMC secretariat have achieved a combined annual expenditure rate of only 10.7%, but have nonetheless been able to achieve about 49% of their physical targets.

AWPB Inputs and Outputs Review and Implementation Progress

As of November 2018, the combined annual expenditure rate is 10.7% (33.5% for the grant and 8.8% for the loan), while the combined average annual physical achievement rate is estimated at 49% (62% for the grant and 24% for the loan). In line with the low expenditure levels, also due delays in the flow of information from the sub-national level to the national level, many of the planned activities at national and province have not taken place. In particular the procurement

packages at national level which represent a large share of the budget.

The 2019 AWPB has yet to be submitted to IFAD for review and No-Objection, although the NPIU has held a 2 meetings with the DPIUs and PPIUs in October and November 2018 to finalise the preparation of the AWPB. The mission recommends the NPIU to submit the 2019 AWPB as soon as possible and by January 2019 at the latest.

The NPIU does not update nor monitor the actual expenditure by detailed activity as provided in the AWPB, and has had to rely on the summary of actual expenditure by component and sub-component. The Mission advised the NPIU to monitor actual expenditure and post it at the excel spreadsheet of the AWPB at every time of payment, until an accounting software is procured.

Agreed Action	Responsibility	Agreed Date
Project Management		
Submit 2019 AWPB to IFAD for NO	NPIU	01/2019
Budget monitoring Monitor expenditure payment against AWPB activities and post each payment vis-a-vis AWPB activity at the time of payment.	NPIU	01/2019

Performance of M&E System	Rating: 4
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Justification of rating

The performance of the M&E system rated as moderately satisfactory, as the system has some shortcomings, with reporting limited to outputs and activities. The main shortcomings include the fact that the system does not yet have provisions for disaggregated data or for the LogFrame, and data on outreach (number of FG and of FG members) is not available. Nonetheless the mission notes that the data collected to date for monitoring purposes, albeit consolidated manually, is reliable and accurate.

M&E System Review

The mission notes that an online M&E system has been set-up and is operational, and all PPIU and DPIU have been granted access rights. However only 22 districts have been trained on the use of the system, and the data is not yet uploaded systematically. The NPIU have requested that the data be reported on a monthly basis. Currently most of the field level data is still being collected and submitted manually via e-mail. The M&E system is linked to the AWPB outputs, but the LogFrame impact and outcome indicators are not yet included. In addition, there is no provision in the system for disaggregated data.

Nonetheless the data currently being collected and that has been included in the interim progress report submitted to the project is reliable and consistent with observations made in the field and with the data presented by the districts during the mission field visits.

In this context, the missions makes the following recommendations: (i) further trainings must be held to ensure that all the field level staff are fully familiar with the online system and are able to report in an accurate and timely manner; (ii) ensure that the M&E system is fully operation in time for the next interim progress report due in July 2019, so that data can be extracted from the online system; (iii) the LogFrame impact, outcome and output (outreach) indicators must be included in the system; (iv) provisions must be made for the collection of gender and age disaggregated data as well as accurate outreach data.

Agreed Action	Responsibility	Agreed Date
Project Management		
M&E users Train all relevant staff at field level on the use of the M&E system	NPIU/PPIU/DPIU	03/2019
LogFrame Ensure that the LogFrame (impact, outcome and output) indicators are included in the system so that they can be automatically calculated and reported on	NPIU	03/2019
Disaggregated data Ensure that the M&E system includes provision for the collection of data disaggregated by gender and age	NPIU	03/2019
Fully operationalise M&E system Ensure that the online M&E system is fully operational so that the next interim progress report must use data extracted from the online system	NPIU	06/2019

Requirements of Social, Environmental and Climate Assessment Procedures (SECAP)

Rating: 4

Justification of rating

The performance on SECAP requirements is rated as moderately satisfactory, whereas SECAP documents have been produced at design according to the requirements of ADB's safeguard policies. Furthermore SECAP/safeguard policies have made a partial contribution to the project to address social risks and enhance opportunities, namely with regards to the targeting of the FG members and women under the MoA component. In addition, the selection of irrigation schemes and areas to be rehabilitated under the ADB and MoPWH components has been made according to the ADB environmental and social safeguard policies. An in-depth analysis of the potential land acquisitions/resettlement needs was also undertaken by ADB at design.

SECAP Review

The ADB and GoI have developed a standard review process for the selection, design and implementation of the rehabilitation activities, which is being followed by the NPMU, in order to minimise potential negative externalities and maximise the positive impact of the irrigation schemes. These procedures are included in the ADB Project Administration Manual, in addition to detailed procedures for land acquisition and/or resettlement.

Furthermore, there are strong measures in place to facilitate meaningful stakeholder engagement, information exchange and conflict resolution, including: (i) regular coordination meetings between the NPMU and NPIUs at national level; (ii) the creation of Water User Associations, which also include FG members, to ensure the proper management of the irrigation schemes; and (iii) regular consultations within the FG and between the FG and extension officers. The WUA in particular allow for meaningful discussions between various stakeholder on the use of the irrigation schemes.

d. Financial Management & Execution

Disbursement by financier

Type	Name	Current Amount	Disbursed Amount	Actual Rate
Domestic Financing breakdown	National Government	\$152,900,000		
Co-financing breakdown,	Asian Development Bank	\$600,000,000		

Acceptable Disbursement Rate

Rating: 1

Justification of rating

1. The project is in its one and a half year of implementation and its combined (loan and grant) disbursement rate is 3.7%. In fact, IFAD has disbursed equivalent USD 3.31 million (3.36%) of the approved loan allocation of USD98.5 million and USD359,203 (24%) of the USD1.49 million approved grant allocation. Included in these disbursements were outstanding IFAD advances to the Project of USD2.9 million for the loan and USD339,000 for the grant. Based on time elapsed of more than one and half years since effectivity of the Financing Agreement on 13 February 2017 against the six year of planned project completion, delivery rate should be around 25%.

Main issues

Procurement Delays: There have been procurement delays for: (i) consultant firm packages; (ii) five individual consultants; and (iii) baseline survey. These procurement delays have resulted in an unrealized budget of EUR1.6 million or 60% of the EUR2.8 million revised budget for 2018. Lack of significant 2018 NPIU budget utilization is largely due to delay in tendering the consultant firm packages which represent over 50% of the 2018 NPIU budget.

The consultant firm tendering is currently stalled due to continuing discussions on how to structure the bids. The mission has reviewed with NPIU the packages following geographical coverage and the mission recommends the NPIU to begin the procurement process with these packages.

Of the recruitment of six individual international consultants planned for 2018, only the contract for Program Advisor has been finalized. The results of the selection process for the farming systems consultant and the negotiated contracts for the other 3 consultants (rice seed, farming systems, rural finance) have been completed and will be submitted to IFAD for No Objection. The bid for the extension specialist consultant failed and has been cancelled. Procurement for the baseline survey is in process but needs to be rebid due to lack of responses from qualified bidders. The lack of availability of consultants has delayed and adversely effected project implementation and delivery rate of expenditure. The mission recommends that the NPIU provide an updated procurement plan with realizable timeline detailing necessary process and approvals.

On-granting Agreement. The project covers 74 districts in 16 provinces with implementing units: District Project Implementation Unit (DPIU) for districts and Province Project Implementation Unit (PPIU) for provinces. Two provinces (Banten and Central Java) have no PPIU and project activities in these provinces are managed directly by the NPIU.

The financing of project activities in the provinces and districts is based on On-Granting Agreements (NPHD) signed between the Provinces/Districts and the National Government in February 2018. The provinces and districts pre-finance the implementation of their AWPB using their local government budget and the National government, through an authorization of the MoF to the Bank of Indonesia (BI), reimburse accordingly after the review of the NPIU and endorsement of the NPMU.

Many districts are new in the process and some have not yet allocated budget for the project, while of those that have allocated 35 districts have submitted their financial reports with total expenditure of IDR7.2 billion (USD489,600) of the IDR89 billion (USD6.05 million) budget. The NPIU have reviewed 26 reports with an aggregate expenditure of IDR5.4 billion (USD367,200). The NPIU has prepared a finance manual for the on-granting mechanism covering process, records and documentation. As discussed with NPMU and NPIU, the draft manual will be reviewed by the NPMU and will incorporate any changes to meet the Ministry of Finance requirements to authorize reimbursement. The final manual will be provided to the district and provinces accordingly. The Mission advised to clearly provide in the manual the responsibility of the NPIU and NPMU in the review of the documents including supporting documents to the payment vouchers to avoid duplication of review process and facilitate processing of reimbursement and timely inclusion of the expenditure in the SOE.

Agreed Action	Responsibility	Agreed Date
Financial Management & Execution		
Issuance of Implementation and Technical Guidelines (Juklak and Juknis) Revision of current draft Juklak and preparation of more detailed Juknis	NPIU (AAEHRD, MoA)	06/2018
On-Granting Mechanism: MoA to recruit one finance staff to assist in the review of the submission of request for reimbursement including providing guidance and training to province and district staff. Provide copy of draft finance manual for on-granting mechanism to NPMU for review and incorporation of appropriate changes to meet the MoF requirements to authorize reimbursement. The final manual will be distributed to provinces and districts accordingly.	NPIU/NPMU	01/2019
Procurement of Consultants Begin the procurement of the consulting firms as per the new breakdown of the packages	NPIU	01/2019
Recruitment of FM consultants for local governments Recruit and deploy FM consultants for provinces/districts	NPIU	
Frequent and regular financial reporting	NPIU, PPIUs and DPIUs	
Capacity building for FM staff at provinces and districts	NPIU (AAEHRD, MoA)	

Fiduciary Aspects

Quality of Financial Management

Rating: 3

Justification of rating

8. Financial Management structure in the NPIU MoA, the implementing agency for all the components financed by IFAD funds needs to be strengthened in terms of staffing, maintenance of accounts and internal controls to efficiently carry out financial management functions and comply with the fiduciary requirements.

Main issues

Organization and staffing. The Finance Officer is a MoA staff who is responsible for the overall financial management and treasury of the project. In addition, the FO handles all the financial transactions of the MoA Extension Office. One of the 2 finance consultants supports the FO and the other provides support to the PPIU and DPIU; and reviews documents received from the field.

The mission notes that the FO's workload is adversely affecting her function with IPDMIP, and thus recommends that an additional (or full-time) FO be assigned to the NPIU to support the oversight of the project, and support the PPIU and DPIU. The mission also suggests to consider hiring an additional staff to help with training and support to PPIU and DPIU finance officers.

The staffing in Bappenas for the administration of IFAD grant, is adequate to fulfil the fiduciary requirements.

Accounting and Financial Reporting. The interim financial report (IFR) covering the period January to June 2018 was submitted on time to IFAD on 15 August 2018. However, the IFR was incomplete. The sources and uses of funds do not reflect the opening and closing balances and the performance by financier does not include information on the IFAD grant. The reconciliation of the designated account showed foreign exchange differential in the column of local currency but was fully accounted (zero difference) in the EUR currency column. The mission advises to complete the sources and uses of funds and include information for all the financiers in future IFR. The foreign exchange differential in the local currency is due to the constant change of the rate for forwarding closing balance to beginning balance on the bank statement date since the DA is maintained in EUR.

The FA states that the NPIU is responsible for all IFAD financed components, and should consolidate the AWPBs and

financial reports for the IFAD loan and grant, although the grant is administered directly by Bappenas. Currently, the NPIU only monitors and reports the expenditures on IFAD loan components, while Bappenas reports directly to the NPMU. Similarly, the NPIU AWPB does not include grant activities. As discussed with Bappenas, the KMC will copy the NPIU when submitting the documents to the NPMU so as to allow the NPIU to consolidate all IFAD related expenditures.

Finally, the NPIU uses Excel to manually record financial transactions and produce the necessary financial reports for IFAD. The mission advises the NPIU to procure a stand-alone accounting software rather than inputting financial data manually in excel.

Internal controls. The NPIU follows MoA internal control system in line with GoI regulations. The system provides clear segregation of duties, payment verification and authorization process. MoA has a dedicated verification officer who verifies all payment requests and supporting documents. The Mission reviewed 8 payments for a total of EUR119,944 expenditure or 57% of total expenditure as reflected in WA3 SOE.

Cat 1 Payments for IT equipment were supported with one quotation and photocopies of catalogue, and the request for quotation did not include any specifications.

Cat 1 Vehicles were directly purchased from one distributor as that brand was preferred. The Mission advised that in future procurement, the request should provide the specifications with no brand and should proceed with a public tender or request for quotations.

Cat III payments covering workshop and training activities were adequately supported.

Internal audit. There is no internal auditor for the project, however, the MoA Inspectorate General acts the internal auditor of the Ministry. The Mission advised NPIU to request the IG to conduct internal audits specifically for the Project.

Agreed Action	Responsibility	Agreed Date
Financial Management & Execution		
Preparation of 2019 AWPB and budgets (DIPA and DPA)	NPIU, PPIUs and DPIUs	07/2018
Internal Audit: Request the MoA Inspectorate General to conduct audit of the Project at least once or twice a year and AWPB/AWPBd provide copy of audit report to IFAD	NPIU/MoA	01/2019
Accounting Software: Procure stand-alone accounting software	NPIU/MoA	01/2019
Staffing Assign additional staff to NPIU finance team	NPIU/MoA	01/2019
Submission of interim financial reports to IFAD as foreseen in the LTB		
Interim financial reports: Submit IFRs with complete financial data to IFAD. Bappenas to copy NPIU will all financial reports/WAs/SoEs/AWPB submitted to NPMU/MoPWH	NPIU/MoA/Bappenas	

Quality and Timeliness of Audit

Rating: 5

Justification of rating

Auditor provided necessary documents, complies with IFAD requirements and received on time

Main issues

Separate financial statements and audit reports are provided for the loan and the grant, which are managed respectively by MoA and Bappenas.

In both cases, the Auditors provided the necessary documents, the audits comply with IFAD requirements and were

received on time.

The full sets of unaudited financial statements were not provided, however the remaining documents were informative and clearly show the financial position of the project.

The management letter for the IFAD loan, implemented by the ministry of agriculture, raised various issues for follow-up:

- Hardware procured but not fully delivered at the time of the audit
- Unauthorised use of project vehicle (private use)
- Controls on workshop participation to be strengthened
- Minor overpayments on staff travel (equivalent to USD 100)

A very minor overpayment issue (eq. to USD 20) on staff travel is also reported in the management letter for the IFAD grant, managed by Bappenas

None of these issues materially impacted the financial statements, however follow-up by the PMO is required.

Agreed Action	Responsibility	Agreed Date
Financial Management & Execution		
Delivery of goods (computer hardware) to be completed (IFAD loan) Hardware procured not fully delivered and available for physical inspection (IFAD loan).	PMO (PPK)	11/2018
Minor overpayments of travel costs to be refunded to state treasury and subsequently IFAD (IFAD Loan) Overpayment of travel costs (IFAD loan): - Surabaya 750,000 IDR (USD 51) - Bogor 805,150 IDR (USD 55)	PMO	11/2018
Weak internal control over attendance lists at seminars (IFAD Loan) Improve controls of workshop participation processes	PMO	11/2018
Improve filing of supporting documents, staff travel (IFAD Loan)	PMO	11/2018
Improve procurement planning (PMO)	PMO	11/2018
Use of project vehicles (PMO) Project vehicle being used for private purposes by the Chief Financial Officer of BPPSDM	PMO	11/2018
Minor overpayments of travel costs to be refunded to state treasury and subsequently IFAD (IFAD Grant)	Bappenas	12/2018

Counterparts Funds

Rating: 4

Justification of rating

From the start of the Project until 31 October 2018 the Gol has contributed equivalent of USD196,459 in funding basically NPIU salaries, operation costs and consultancy costs. The Mission noted that Gol financial resources have been provided on time.

Main issues

From the start of the Project until 31 October 2018 the Gol has contributed equivalent of USD196,459 in funding basically NPIU salaries, operation costs and consultancy costs. The Mission noted that Gol financial resources have been provided on time.

implementation progress for both IFAD and Counterpartfunds are behind the target.

<i>Agreed Action</i>	<i>Responsibility</i>	<i>Agreed Date</i>
Financial Management & Execution		
Start preparation of 2019 AWPB and budgets Ensure that sufficient counterpart/supporting funds are included in 2019 budgets	NPIU, PPIUs and DPIUs	07/2018
Mobilisation of required counterpart funds Revision of the current 2018 budget as necessary	PPIUs and NPIUs	07/2018

Compliance with Loan Covenants

Rating: 4

Justification of rating

The compliance with the loan covenants is rated as moderately satisfactory. In fact, as per Appendix 3, the project is compliant with most of the key legal covenants. However the potential non-compliance of the remaining covenants could affect project implementation or achievement of development objective, but would not violate IFAD's statutory requirements.

Procurement

Procurement

Rating: 3

Justification of rating

The procurement processes applied are rated as moderately satisfactory. Procurements are carried out in line with the GoI and IFAD procurement regulations, however, as noted in the preceding paragraph under internal control there were lapses in procurement of vehicle and IT equipment. Most planned procurements for consultants were not executed causing adverse effects on the implementation of project activities. Recommendation of the Mission is under the acceptable disbursement rate section

Procurement Review

The procurement officer has a running contract for 15 months over the duration of the project. Currently the NPIU has budgeted for 6 months in 2018, 6 months in 2019 and 3 months in 2020. However, the procurement has completed 6 months' work as of November 2018 and is not expected to work in December. In this context, the mission recommends that the procurement consultant be budgeted for a minimum of 6 continuous months from January 2019 to ensure that all the procurement packages are completed as soon as possible.

<i>Agreed Action</i>	<i>Responsibility</i>	<i>Agreed Date</i>
Financial Management & Execution		
Procurement officer Ensure that sufficient budget for the procurement officer is included in the 2019 AWPB so that he has sufficient time to complete all procurement packages.	NPIU	01/2019

F. Agreed Actions

<i>Agreed Action</i>	<i>Responsibility</i>	<i>Agreed Date</i>
Overview and Project Progress		
Disseminate guidance manual on the on-granting mechanism	NPIU	12/2018

Regional Technical consultant packages Following lessons learnt from the SOLID and CCDP projects, prepare the procurement packages for the technical consultants on a geographical basis	NPIU	01/2019
Finalise procurement packages for Baseline Survey, Individual Technical and Regional Consultants Submit the procurement packages for No-Objection (December 2018) and launch tender (January 2019)	NPIU	01/2019
Organise a consultation with relevant Government stakeholders on on-granting Approach the MoF to organise a government wide consultation on the on-granting mechanism	NPMU/NPIU/IFAD	03/2019
Cross district sensitisation Organise cross-district visits so as to support the sensitisation of the non-allocating districts	NPIU/PPIUs	04/2019
Include high-value crops in FFS Where relevant, and in consultation with the FG, include high-value crops in the FFS	NPIU and Dinas MoA	04/2019
Inclusion of pest management Including pest management in FFS trainings could contribute to increasing rice productivity even further, given that pests (rats) cause losses of up to 20% of production.	Dinas Pertanian	04/2019
Additional sensitisation and mobilisation Undertake at least one sensitisation and mobilisation mission to each district and province that have not allocated funds, in order to better explain the project and the impact that the project is expected to generate for their constituencies	NPIU	06/2019
Undertake Value Chain mappings Undertake rice VC mappings by mid- 2019 in order to adequately plan for VC support activities in late 2019 and 2020	NPIU and Dinas MoA	06/2019
Value Chain Gender Dimension Ensure that the above-mentioned VC mappings and studies include a gender dimension to identify relevant VC and activities to support gender empowerment	NPIU and Dinas MoA	06/2019
Plan for rural finance activities Plan for rural finance activities by mid-2019 in order to prepare and launch such activities by late 2019, so as to be in full swing by 2020.	NPIU and Dinas MoA	06/2019
Development Effectiveness		

Develop tailored trainings Develop tailored trainings for women farmers, which could include homestead gardening and other agriculture related activities, and ensure there is sufficient participation of women in the planning of such trainings.	NPIU, PPIU, DPIU	06/2019
Value Chain Gender Dimension Ensure that the above-mentioned VC mappings and studies include a gender dimension to identify relevant VC and activities to support gender empowerment	NPIU and Dinas MoA	06/2019
Project Management		
Submit 2019 AWPB to IFAD for NO	NPIU	01/2019
Budget monitoring Monitor expenditure payment against AWPB activities and post each payment vis-a-vis AWPB activity at the time of payment.	NPIU	01/2019
M&E users Train all relevant staff at field level on the use of the M&E system	NPIU/PPIU/DPIU	03/2019
LogFrame Ensure that the LogFrame (impact, outcome and output) indicators are included in the system so that they can be automatically calculated and reported on	NPIU	03/2019
Disaggregated data Ensure that the M&E system includes provision for the collection of data disaggregated by gender and age	NPIU	03/2019
Develop a KM plan and consider recruiting a part-time KM officer	NPIU and KMC	06/2019
Fully operationalise M&E system Ensure that the online M&E system is fully operational so that the next interim progress report must use data extracted from the online system	NPIU	06/2019
Financial Management & Execution		
Issuance of Implementation and Technical Guidelines (Juklak and Juknis) Revision of current draft Juklak and preparation of more detailed Juknis	NPIU (AAEHRD, MoA)	06/2018
Preparation of 2019 AWPB and budgets (DIPA and DPA)	NPIU, PPIUs and DPIUs	07/2018
Start preparation of 2019 AWPB and budgets Ensure that sufficient counterpart/supporting funds are included in 2019 budgets	NPIU, PPIUs and DPIUs	07/2018

Mobilisation of required counterpart funds Revision of the current 2018 budget as necessary	PPIUs and NPIUs	07/2018
Delivery of goods (computer hardware) to be completed (IFAD loan) Hardware procured not fully delivered and available for physical inspection (IFAD loan).	PMO (PPK)	11/2018
Minor overpayments of travel costs to be refunded to state treasury and subsequently IFAD (IFAD Loan) Overpayment of travel costs (IFAD loan): - Surabaya 750,000 IDR (USD 51) - Bogor 805,150 IDR (USD 55)	PMO	11/2018
Weak internal control over attendance lists at seminars (IFAD Loan) Improve controls of workshop participation processes	PMO	11/2018
Improve filing of supporting documents, staff travel (IFAD Loan)	PMO	11/2018
Improve procurement planning (PMO)	PMO	11/2018
Use of project vehicles (PMO) Project vehicle being used for private purposes by the Chief Financial Officer of BPPSDM	PMO	11/2018
Minor overpayments of travel costs to be refunded to state treasury and subsequently IFAD (IFAD Grant)	Bappenas	12/2018
Procurement officer Ensure that sufficient budget for the procurement officer is included in the 2019 AWPB so that he has sufficient time to complete all procurement packages.	NPIU	01/2019
Internal Audit: Request the MoA Inspectorate General to conduct audit of the Project at least once or twice a year an AWPB AWPBd provide copy of audit report to IFAD	NPIU/MoA	01/2019
Accounting Software: Procure stand-alone accounting software	NPIU/MoA	01/2019
Staffing Assign additional staff to NPIU finance team	NPIU/MoA	01/2019

On-Granting Mechanism: MoA to recruit one finance staff to assist in the review of the submission of request for reimbursement including providing guidance and training to province and district staff. Provide copy of draft finance manual for on-granting mechanism to NPMU for review and incorporation of appropriate changes to meet the MoF requirements to authorize reimbursement The final manual will be distributed to provinces and districts accordingly.	NPIU/NPMU	01/2019
Procurement of Consultants Begin the procurement of the consulting firms as per the new breakdown of the packages	NPIU	01/2019
Submission of interim financial reports to IFAD as foreseen in the LTB		
Interim financial reports: Submit IFRs with complete financial data to IFAD. Bappenas to copy NPIU will all financial reports/WAs/SoEs/AWPB submitted to NPMU/MoPWH	NPIU/MoA/Bappenas	
Recruitment of FM consultants for local governments Recruit and deploy FM consultants for provinces/districts	NPIU	
Frequent and regular financial reporting	NPIU, PPIUs and DPIUs	
Capacity building for FM staff at provinces and districts	NPIU (AAEHRD, MoA)	

Integrated Participatory Development and Management of the Irrigation Sector Project

Logical Framework

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
Outreach The total number of project beneficiaries is estimated at 900,000 households or 4 million individuals, of whom approximately 50 per cent are women.	1 Persons receiving services promoted or supported by the project							Annual Outcome Survey	Annual	MoA	
	Males										
	Young										
	Females										
	1.a Corresponding number of households reached							Annual Outcome Survey	Annual	MoA	
	Households			900 000	80 000	129 400	14.4				
	Women-headed households										
	1.b Estimated corresponding total number of households members							Annual Outcome Survey	Annual	MoA	
	Household members			4 000 000	400 000	647 000	16.2				
Goal Improve food security and livelihoods in rural Indonesia											
Objective Improved food security and livelihoods in rural Indonesia	Households with improved asset index							RIMS impact survey; MoPW, MoHA, MoA; Baseline data;	Annual	MoA	Change in Government's development priorities; Limited fiscal capacity of Local Government
	Households with improved asset ownership index			50							
	Households have improved food security							RIMS impact survey; MoPW, MoHA, MoA; Baseline data;	Annual	MoA	
	Households			75							

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
Outcome Increased value of sustainable irrigated agriculture	At least 450 000 hectares are served by improved irrigation system infrastructure							MoPW, MoHA, MoA; Baseline data; Annual Outcome Survey	Annual	MoPWH	Change in Government's development priorities
	Hectares of land			450 000							
	Beneficiaries reporting an increase in production in rice or high value irrigated crops							MoPW, MoHA, MoA; Baseline data; Annual Outcome Survey	Annual	MoA	
	Percentage of targeted beneficiaries			75							
	Irrigation schemes in program areas showing improved and sustained performance in management operation and maintenance							MoPW, MoHA, MoA; Baseline data; Annual Outcome Survey	Annual	MoPWH/MoHA	
	Irrigation schemes										
	Other productive infrastructure constructed/rehabilitated										
	Targeted households reporting an increase in income from irrigated agriculture							MoPW, MoHA, MoA; Baseline data; Annual Outcome Survey	Annual	MoA	
	Households			75							
	Output Strengthened policy and institutional frameworks for irrigated agriculture	IMPs incorporated into regional medium-term development plans (RPJMD) increased							MoPW, MoHA, MoA	Annual	
IMPs incorporated		0		90							
Competency certification systems established for irrigation planning, financing and participatory management							MoPW, MoHA, MoA	Annual	MoPWH		
Competency certification system		0		1							

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
	Staff and field facilitators certified by the system							MoPW, MoHA, MoA	Annual	MoPWH	
	Staff and field facilitators certified	0		70							
Output Improved irrigation systems management	Irrigation commissions operationalized by 2021							MoPW, MoHA, MoA	Annual	MoHA	Government guidelines are not properly implemented due to poor capacity or commitment; Political issues impede the establishment and functioning of commissions and WUAs; Demotivation of WUAs, staff and field facilitators impede activities.
	Irrigation commissions operationalized	39		52							
	Irrigation Development and Management Plans (IMPs) endorsed by Provincial and District Irrigation Commissions by 2021							MoPW, MoHA, MoA	Annual	MoHA	
	IMPs	0		90							
	Updated and GIS-based irrigation asset management systems increased							MoPW, MoHA, MoA	Annual	MoPWH	
	GIS-based irrigation asset management systems	0		75							
	Water Users Associations (WUAs)/WUAF established and trained with program support increased by 2021							MoPW, MoHA, MoA	Annual	MoHA	
	WUAs/WUAF established and trained	1 516		4 981							
	Irrigation schemes managed by WUA/WUAFs increased by 2021							MoPW, MoHA, MoA	Annual	MoHA	
	Irrigation schemes managed by WUA/WUAFs	0		50							

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
Output Improved irrigation systems infrastructure	Irrigation schemes having water balance computation and financial feasibility increased							MoPW, MoHA, MoA	Annual	MoPWH	Government guidelines are not properly implemented due to poor capacity or commitment; Political issues impede the establishment and functioning of commissions and WUAs; Demotivation of WUAs, staff and field facilitators impede activities
	Irrigation schemes	0		100							
	Irrigation schemes having detailed engineering designs prepared in line with government guidelines increased							MoPW, MoHA, MoA	Annual	PMU	
	Irrigation schemes	100		1 144							
	Irrigation infrastructure in program areas rehabilitated and upgraded							MoPW, MoHA, MoA	Annual	MoPWH	
	Irrigation infrastructure	50		100							
	Irrigation schemes modernized according to government technical standards							MoPW, MoHA, MoA	Annual	MoPWH	
	Irrigation schemes modernized	0		50							
Output Improved farm productivity and services	Access to extension services									MoA	
	Targeted beneficiaries having access to extension services			75	17	17	22.7				
	Extension workers trained and working									MoA	
	Extension workers			10 000	400	1 703	17				
Output Improved market access and services	Farmers trained in value chain development									MoA	
	Beneficiary farmers			200 000							
	1.1.3 Rural producers accessing production inputs and/or technological packages									MoA	
	Non-Indigenous people										
	Females			250							
	Young										
	Males			250							
	Indigenous people										
	Not Young										

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
Output Improved financial services and use of services	1.1.5 Persons in rural areas accessing financial services									MoA	
	Total persons accessing financial services - credit			675 000							
	Total persons accessing financial services - savings			675 000							
	1.1.6 Financial service providers supported in delivering outreach strategies, financial products and services to rural areas									MoA	
	Service providers			8							

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Integrated Participatory Development and Management of the Irrigation Sector Project

Supervision Report

Appendix 1: Financial: actual financial performance; by financier by component and disbursements by category

Mission Dates: 26 November - 7 December 2018
Document Date: 13/02/2019
Project No. 1100001706
Report No. 4979-ID

Appendix 1: Financial: Actual financial performance by financier; by component and disbursements by category

Table 1A: Financial performance by financier (as of 31 October 2018)

Financiers	Approved Budget Allocation	Actual Disbursement	Percent Disbursed (%)
	USD	USD	
IFAD Loan 1/	98,512,000	3,314,360	3.36%
IFAD Grant 2/	1,489,000	359,203	24.12%
Government	57,937,000	196,459	0.34%
Beneficiaries			
Total 3/	157,938,000	3,870,022	2.45%

1/ Rate use for actual expenditure 1EUR= USD1.1838; The Disbursements includes outstanding advances of IFAD to the Project for equivalent of USD2,959,50

not included pending WA4 unclaimed expenditure

2/ Disbursement for IFAD Grant includes outstanding advance equivalent to USD338,895 not included pending WA4 unclaimed expenditure

3/ Per Project Implementation Manual

Table 18: Financial performance by component (as of 31 October 2018)
In US dollars

Component	IFAD Loan			IFAD Grant			Government			Beneficiary contribution			Total		
	Approved	Actual	%	Approved	Actual	%	Approved	Actual	%	Approved	Actual	%	Approved	Actual	%
Component 1 Increased Irrigation Agricultural Income															
Sub Component 1.1. Improve Farm Productivity and Services	46,775,000	12,563	0.0%			0.0%	4,677,000	0	0.0%				51,452,000	12,563	0.02%
Sub Component 1.2. Improve Market Access and Services	7,823,000		0.0%			0.0%	782,000	0	0.0%				8,605,000	-	0.00%
Sub Component 1.3. Improved Financial Access and use of Services	22,013,000		0.0%			0.0%	2,201,000	0	0.0%				24,214,000	-	0.00%
Sub Component 1.4. National Project Implementation Consultant – MOA	3,902,000	342,297	8.8%			0.0%	390,000	0	0.0%				4,292,000	342,297	7.98%
Sub Component 1.5. Provincial Project Implementation Consultants - Province Extension Agency	16,961,000		0.0%			0.0%	1,696,000	0	0.0%				18,657,000	-	0.00%
Sub-Total Component 1 Increased Irrigation Agricultural Income	97,474,000	354,860	0.4%	-	-	0.0%	9,746,000	-	0.0%	-	-	-	107,220,000	354,860	0.33%
Component 2 Improved Irrigation Infrastructure	1,038,000		0.0%			0.0%	-		0.0%				1,038,000	-	0.00%
Component 3 Improved Irrigation System Management							-						-	-	
Component 4 Strengthened Policy and Institutional Framework				1,489,000	110,669	7.4%	48,191,000	196,459	0.4%				49,680,000	307,128	0.62%
Sub-Total Expenditure	98,512,000	354,860	0.4%	1,489,000	110,669	7.4%	57,937,000	196,459	0.3%	-	-	-	157,938,000	661,988	0.42%
Outstanding IFAD Advances		2,959,500			338,895									3,298,395	
TOTAL DISBURSEMENTS	98,512,000	3,314,360	3.4%	1,489,000	449,564	30.2%	57,937,000	196,459	0.3%	-	-	-	157,938,000	3,960,383	2.51%

Table 1C: IFAD Financial performance by category of expenditure (as of 31 October 2018)

IFAD Loan (In EUR)

	Category description	Original Allocation	Revised Allocation (if applicable)	Disbursement per WA	Disbursement Pending Submission WA	Total Disbursement	Disbursed percentage %	Balance
1	Equipment and Materials	18,880,000		46,458	7,845	54,304	0.3%	18,825,696
2	Consultancies	21,440,000			70,682	70,682	0.3%	21,369,318
3	Workshop and Training	27,440,000		163,753	11,025	174,778	0.6%	27,265,222
4	Credit	20,340,000				0	0.0%	20,340,000
5	Salaries	5,050,000				0	0.0%	5,050,000
	Balance of IFAD Advance			2,500,000		2,500,000		-2,500,000
	Total	93,150,000.00	-	2,710,211.15	89,551.99	2,799,763	3.0%	90,350,236.86

IFAD Loan (In USD)

	Category description	Original Allocation 1/	Revised Allocation (if applicable)	Disbursement per WA 2/	Disbursement Pending Submission WA 2/	Total Disbursement	Disbursed percentage %	Balance
1	Equipment and Materials	19,966,790.76		54,997	9,287	64,285	0.3%	19,902,506
2	Consultancies	22,674,152.22		0	83,673	83,673	0.4%	22,590,479
3	Workshop and Training	29,019,530.64		193,851	13,051	206,902	0.7%	28,812,629
4	Credit	21,510,832.84		0	0	0	0.0%	21,510,833
5	Salaries	5,340,693.50		0	0	0	0.0%	5,340,694
	Balance of IFAD Advance			2,959,500	0	2,959,500		-2,959,500
	Total	98,511,999.97	-	3,208,347.96	106,011.65	3,314,359.61	3.4%	95,197,640.37

1) 1 EUR equiv. USD 1.05756307 (based on original exchange rate)

2) 1 EUR equiv. USD 1.1838 (use the average exchange rate EUR to USD of Loan)

IFAD Grant (In EUR)

	Category description	Original Allocation	Revised Allocation (if applicable)	Disbursement per WA	Disbursement Pending Submission WA4	Total Disbursement	Disbursed percentage %	Balance
1	Equipment and Materials	140,000			3.37	3.37	0.0%	139,997
2	Consultancies	650,000		3,500.17	42,864.12	46,364.29	7.1%	603,636
3	Workshop and Training	260,000		13,091.26	18,812.84	31,904.10	12.3%	228,096
4	Operating Costs	360,000		722.12	14,651.19	15,373.31	4.3%	344,627
	Balance of IFAD Advance			288,936.00		288,936.00		-288,936
	Total	1,410,000.00	-	306,249.55	76,331.52	382,581.07	27.1%	1,027,418.93

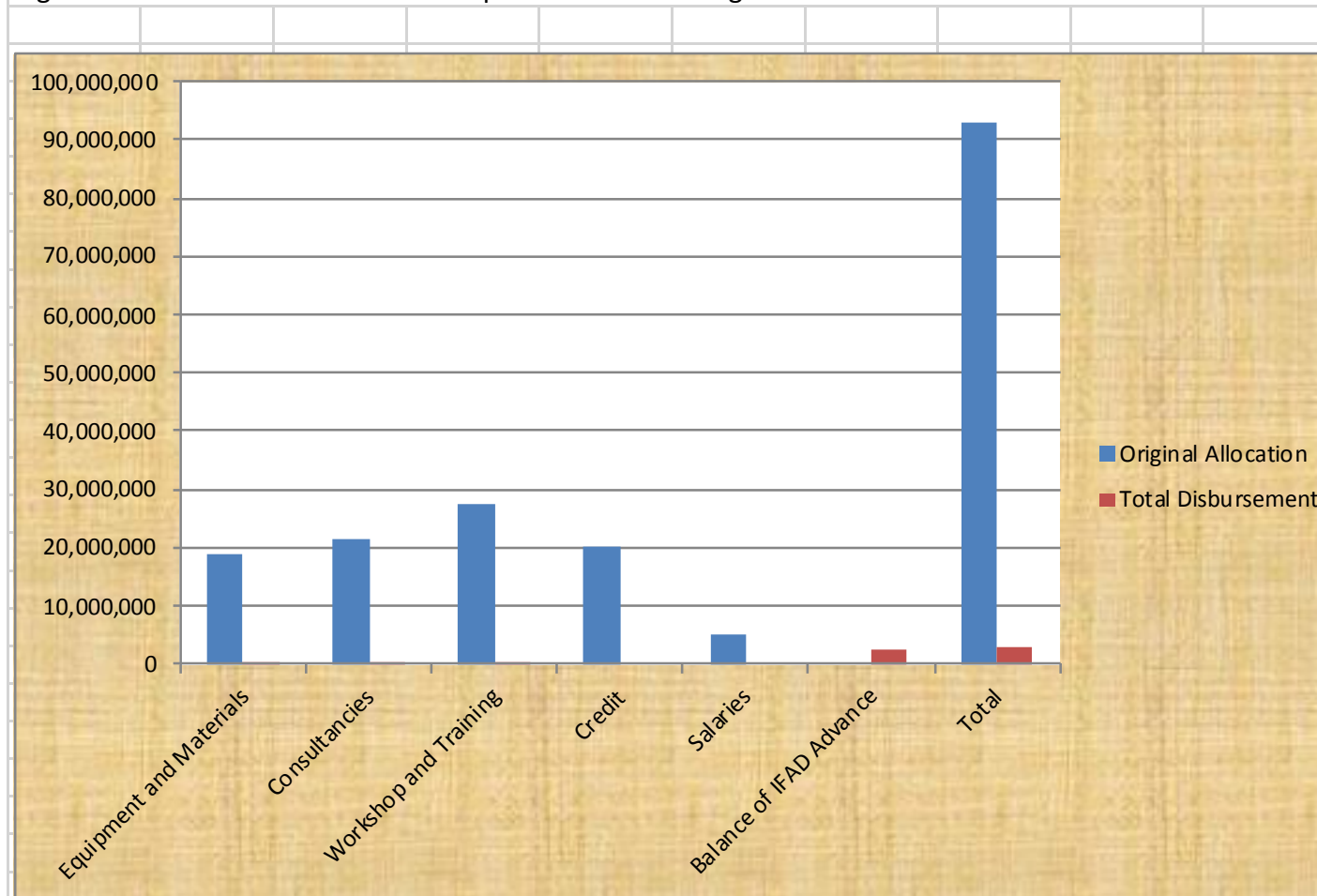
IFAD Grant (In USD)

	Category description	Original Allocation 1/	Revised Allocation (if applicable)	Disbursement per WA 2/	Disbursement Pending Submission WA 4	Total Disbursement	Disbursed percentage %	Balance
1	Equipment and Materials	147,843.98		0	3.99	3.95	0.0%	147,840
2	Consultancies	686,418.46		4,105	50,742.55	54,381.12	7.9%	632,037
3	Workshop and Training	274,567.38		15,355	22,270.64	37,420.62	13.6%	237,147
4	Operating Costs	380,170.22		847	17,344.08	18,031.50	4.7%	362,139
	Balance of IFAD Advance			338,896	0.00	338,895.78		-338,896
	Total	1,489,000.04	-	359,203.01	90,361.25	448,732.97	30.1%	1,040,267.07

1) 1 EUR equiv. USD 1.0560284 (based on original exchange rate)

2) 1 EUR equiv. USD 1.1729095 (average rate EUR to USD of Grant)

Figure : IFAD Loan Disbursement comparison between original allocation and actual disbursement



Indonesia

Integrated Participatory Development and Management of the Irrigation Sector Project

Supervision Report

Appendix 2: Physical progress measured against AWP&B

Mission Dates: 26 November - 7 December 2018

Document Date: 13/02/2019

Project No. 1100001706

Report No. 4979-ID

Asia and the Pacific Division
Programme Management Department

Appendix 2: Physical progress measured against AWP&B

		Period: Jan-Nov 2018			Cumulative	Appraisal	
Indicator	Unit	AWP&B	Actual	%	Actual	Target	%
Sub-component 4.1							
NPIU							
MOA visit	person	2	1	50%	1	2	50%
IRRC supply F-2 seeds (only outside Java)	contract	1	-	0%	-	6	0%
Refresher Training (Banten Province and Central Java)	Times	2	-	0%	-	4	0%
New Staff Training (Banten Province and Central Java)	Times	2	-	0%	-	4	0%
Review of Rice Crop Commodity Technology Packages (Banten Province and Central Java)	Person	46	-	0%	-	46	0%
Review of High Value Crop Commodity Technology Packages (Banten Province and Central Java)	Person	46	-	0%	-	46	0%
6.1. F-2 Seeds Multiplication (Banten)	Package	1	-	0%	-	1	0%
6.2. F-2 Seeds Multiplication (Central Java)	Package	1	1	100%	1	1	100%
Support to BBI/BPTP in increasing output (Banten Province and Central Java)	Package	1	-	0%	-	10	0%
Technical Support for Breeder Farmers in each Province selectively. (Banten Province and Central Java)	Package	1	-	0%	-	5	0%
Contract for Provision and Distribution of Rice Seeds (Foundation Seeds (FS)/ Yellow Label F-2 with BB Padi Sukamandi	Package	1	-	0%	-	5	0%
PPIU							
Refresher Training	Times	14	-	0%	-	28	0%
New Staff Training	Times	12	-	0%	-	24	0%
Review of Rice Technology Packages	Province	14	1	7%	1	14	7%
Review of High Value Crop Commodity Packages	Province	14	1	7%	1	14	7%
Stock Seeds/F2 Multiplication	Province	14	1	7%	1	70	1%
Support to BBI/BPTP in Increasing Output	Province	14	-	0%	-	70	0%
Technical Support for Breeders - Multiplication of F4	Farmer	372	-	0%	-	1 859	0%
Facilitating the Rice Seed Certification Process	Farmer	372	-	0%	-	1 859	0%
Equipment for Rice Seed Certification	Province	14	-	0%	-	14	0%
DPIU							
New Staff	Person	694	199	29%	199	2 405	8%

New Staff Operating Costs	Month	776	168	22%	168	2 405	7%
Training for leaders of farmer groups	Person	971	640	66%	640	1 942	33%
Farmer Field Schools – 1st Round	Times	5 327	1 065	20%	1 065	10 840	10%
Farmer Field Schools – 2nd Round	Times	642	-	0%	-	10 840	0%
Farmer Record Books	Unit	63 682	6 381	10%	6 381	271 225	2%
Farmer to farmer sharing forums	Times	1 352	76	6%	76	8 670	1%
Cross Village Visits	Times	462	16	3%	16	1 850	1%
Monthly Extension Review Meetings	Times	1 139	55	5%	55	4 440	1%
Prizes – Extension agents per District	Person	571	17	3%	17	2 220	1%
Prizes – Farmers	Person	3 181	32	1%	32	16 240	0%
Seed Storage for Farming Enterprises	Drum	16 379	317	2%	317	84 375	0%
Equipment Demonstration	Unit	3 808	163	4%	163	21 680	1%
Demonstrations	Times	202	8	4%	8	740	1%
Sub-component 4.2							
NPIU							
Basic Training for Facilitation of Value Chain (Banten Province and Central Java)	Person	60	-	0%	-	420	0%
DPIU							
Initial value chain mapping	District	23	3	13%	3	30	10%
Value Chain Validation	Workshop	28	1	4%	1	30	3%
Up-dated Value Chain Mapping	Study	11	-	0%	-	60	0%
Value Chain Facilitation	Events	86	1	1%	1	300	0%
Sub-component 4.3							
Savings & credit groups mobilization	group	-	-	-	-	1 000	0%
Savings & credit group training	group	-	-	-	-	1 000	0%
Savings & Credit Groups : Initial Start Up Capital Grant	group	-	-	-	-	1 000	0%
Financial literacy training	training	-	-	-	-	8 000	0%
Financial service partnership initiatives	year	-	-	-	-	38	0%
Strengthening of district micro-finance supervisory agencies	district	-	-	-	-	148	0%
Farmer group savings & credit formalisation	group	-	-	-	-	16	0%
Bank partnership operations	l.s.	-	-	-	-	41	0%
Programme Management							
International Consultant	Package	6	1	17%	1	6	17%
National Consultant – Package (Farming System/Seed Specialist, Extension Specialist, Value Chain Specialist,	Package	1	-	0%	-	1	0%

Rural Finance Specialist)							
National Consultant	Package	5	5	100%	5	5	100%
Supporting Consultant (Assistant)	Package	6	5	83%	5	6	83%
IT Equipment	Package	16	16	100%	16	16	100%
IPDMIP Furniture	Package	1	1	100%	1	1	100%
Baseline Survey Consultant	Package	1	-	0%	-	1	0%
Knowledge Management Seminar	Package	50	-	0%	-	50	0%

Sub-component 1.3

1. Equipment and Material

1.1 Computer Software	l.s	1	1	100%	1	6	17%
1.2 Data Acquisition & Maintenance	l.s	1	0	0%	1	6	17%
1.3 Office Equipment	l.s	1	1	100%	1	1	100%
1.4 Printing & Dissemination	l.s	2	0.5	25%	2	6	33%

2. Consultancies

2.1 Project Assistant	months	12	10	83%	12	50	24%
2.2 Senior Irrigation and Agriculture Specialist	months	12	12	100%	12	49	24%
2.3 Senior System and Policy Development Specialist	months	12	12	100%	12	49	24%
2.4 Water Resources Specialist	months	12	12	100%	12	49	24%
2.5 Institutional Specialist	months	7	0	0%	7	39	18%
2.6 Media and Communication Specialist	months	9	0	0%	9	41	22%
2.7 Thematic Studies	months	2	0	0%	2	10	20%

3 Workshop and Training

3.1 Task Force Meeting/Thematic Discussion Meeting	events	15	7	47%	15	84	18%
3.2 National Workshop/International Workshop	events	1	1	100%	1	6	17%
3.3 Regional Workshop	events	4	0	0%	4	21	19%
3.4 Secretariat Meeting	events	12	12	100%	12	52	23%

4. Operating Cost

4.1 Financial Officer	months	12	12	100%	12	65	18%
4.2 Administration Officer	months	12	12	100%	12	63	19%

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Appendix 3: Compliance with legal covenants: status of implementation

Mission Dates: 26 November - 7 December 2018

Document Date: 13/02/2019

Project No. 1100001706

Report No. 4979-ID

Asia and the Pacific Division
Programme Management Department

Appendix 3: Compliance with legal covenants: status of implementation

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
Section B6	The Designated Account shall have been duly opened, the authorized signatories have been submitted to the Fund	Precedent to withdrawal	Complied	
Section E.2 (a)	The Borrower shall have established within MoA the National Project Implementation Unit (NPIU) and key NPIU staff nominated to the satisfaction of IFAD	Precedent to withdrawal	Complied	
Section E.2 (b)	The Borrower has prepared a draft PIM in form and substance satisfactory to the Fund	Precedent to withdrawal	Complied	
Section 4.02 (b) General Conditions	Submission of First AWPB	Precedent to Withdrawal	Complied	
Section 4.04 (b) General Conditions	Submission of Certification of authorized signatories to Withdrawal Application	Precedent to Withdrawal	Complied	
Section 4.08 General Conditions	Submission to IFAD of Statement of Expenditure only with eligible expenditures	On-going	Last SOE submitted 24/07/2018	
Section 7.05 General Conditions	Procurement in accordance with GoI procurement regulations such are consistent with the IFAD Procurement Guidelines	On-going		
Section 9.02 General Conditions	Submission of Financial Statements to IFAD 4 months after financial year	On-going	FS for 2 nd semester 2017 submitted on 28 March 2018	
Section 9.03 General Conditions	Submission of Audit report to IFAD 6 months after the financial year	On-going	Audit Report for 2017 submitted on 28 June 2018	

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Appendix 5: Mission preparation and planning, TORs, schedules, people met

Mission Dates: 26 November - 7 December 2018

Document Date: 13/02/2019

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11. The consultant's checks will cover field offices and implementing partners/service providers, as applicable. Review contractual and payment procedures⁸; check contract register, usage of contract monitoring forms, register of advances, ageing analysis; quality and regularity of financial returns and reporting; verify compliance with audit requirements foreseen in contracts/ MOUs, if applicable.
12. Verify project's compliance to legal covenants and General Conditions as regards FM.
13. Describe internal audit arrangements, including reporting lines, methodology/procedures, audit work plan and status/follow up on past recommendations; availability of IA reports, findings;
14. Review latest external audit report; assess status of implementation of Auditor's recommendations (Management Letter) and any outstanding ORMS recommended actions relevant to improving quality and timeliness of audit. Verify status of preparation of upcoming audit; if appropriate recommend extending scope of audit to specific implementing entities, physical checks, performance audit, transaction list or other;
15. Assess action taken to address FM related recommendations of previous missions and any outstanding recommended action in ORMS for FM related areas.

He will deliver the following output:

- Aide-Memoire Section IV – Financial Management and Execution – in ORMS format⁹, specifically sub-sections: (i) Disbursement, (ii) Quality of Financial Management and (iii) Counterpart funds.
- Any audit finding, other than the observations raised by the Finance Officer (FO) in sub-section (iv) - Quality and Timeliness of Audit, will be communicated separately to the FO and/or integrated in sub-section (ii).
- Finalise Appendix 1 of the Aide-Memoire, namely tables: a) financial performance by financiers, b) IFAD financial performance by component and c) IFAD financial performance by expenditure categories and relevant graph.
- Updated FMAQ
- SOE verification report
- Update FO on the status of outstanding recommended actions related to (i) Disbursement, (ii) Quality of Financial Management and (iii) Counterpart funds and (iv) Audit.
- The FMS is not directly responsible for the input on (iv) Legal covenants. However any breach for FM aspects should be communicated to the mission leader for consolidation.

DOCUMENTATION

The following documentation will be made available to consultants prior to the assignment:

- IPDMIP Financing Agreement
- IPDMIP Letter to borrower
- IPDMIP Project Implementation Manual (PIM)
- IPDMIP Supervision mission report May 2018

MISSION SCHEDULE: (detail attached)

19 November	Kick off meeting in Jakarta
26 – 30 November	Field visits to Central Java and Lampung provinces
1 – 2 December	Team meetings in Jakarta
3 – 5 December	Report writing and technical meetings in Jakarta - MoA; KMC – BAPPENAS; ADB
6 December	Pre-wrap up
7 December	Wrap-up with MoA

IMPORTANT NOTE:

IFAD will accept only reports that have been properly formatted by using the template, which will be provided separately. The team leader is responsible for preparing the main report and annexes in the required format, and ensuring that the working papers submitted by the individual team members are consolidated in one single document and in the correct format. He will compile the full report, including his own contributions and those of all the mission members into one consistent final and complete Report and submit it to IFAD on or before the agreed deadline.

⁸ to contractors, service providers and implementing partners

⁹ Consultants are expected to use the standard ORMS template to provide: (i) suggested rating, (ii) justification, (iii) narrative and recommended actions, for each FM related areas.