

Indonesia

Integrated Participatory Development and Management of the Irrigation Sector Project

Supervision Report

Main report and appendices

Mission Dates: 31 October - 15 November 2019
Document Date 22/01/2020
Project No. 1100001706
Report No. 5281-ID

Asia and the Pacific Division
Programme Management Department

Abbreviations and Acronyms

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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
MTR	Mid-Term Review
LiDAR	Light Detection and Ranging

A. Project Overview

Region:	Asia and the Pacific Division	Project at Risk Status:	Actual problem
Country:	Indonesia	Environmental and Social Category:	B
Project Name:	Integrated Participatory Development and Management of the Irrigation Sector Project	Climate Risk Classification:	not available yet
Project ID:	1100001706	Executing Institution:	Ministry of Public Works and Housing
Project Type:	Irrigation	Implementing Institutions:	Ministry of Agriculture
CPM:	Ivan Cossio Cortez		
Project Director:	not available yet		
Project Area:	not available yet		

Approval Date:	17/12/2015	Last audit receipt:	28/06/2019
Signing Date:	13/02/2017	Date of Last SIS Mission:	15/11/2019
Entry into Force Date:	13/02/2017	Number of SIS Missions:	5
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	IFAD: KfW loan	\$98,500,000
	Asia and the Pacific Division	\$1,500,000
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: 31 October - 15 November 2019

Days in the field: 8 days

Mission composition: Ivan Cossio, Country Director; Nicolas Syed, Programme Officer and Mission leader; Anissa Pratiwi, CPO; Muhammad Iskandar, CPA; Anthony Ryan, Farming Systems Specialist; Ratih Widyaningsih, Sociologist; Lilis Suharti, Financial Management Specialist.

Field sites visited: Pasaman, Pasaman Barat and Pesisir Selatan Districts, West Sumatra Province

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		3

Effectiveness and Developmental Focus	4	Project Management	4
Effectiveness	4	Quality of Project Management	3
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	4
Nutrition		Performance of M&E System	3
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	5	Acceptable Disbursement Rate	2
Partnership-building	3	Quality of Financial Management	3
Human and Social Capital and Empowerment		Quality and Timeliness of Audit	4
Quality of Beneficiary Participation	5	Counterparts Funds	3
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	5
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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 at IFAD's Executive Board on 17 December 2015. The total project financing is US\$1.679 billion, 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\$ 979 million. 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 at the Provincial and District levels. 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 joint Supervision Mission (SM), which focusses on the MoA led component and the Bappenas grant, was undertaken from the 31 October to the 15 November 2019. This report thus focusses solely on Component 4 and the Sub-component 1.3 under the Bappenas grant.

In view of the Mid-Term Review (MTR) to be fielded in 2020, this mission is effectively a pre-MTR mission, with the following specific objectives: (i) review the project's progress and performance towards achieving the agreed objectives and results; (ii) identify the project implementation issues and challenges, with a particular focus on on-granting; (iii) develop different scenarios for potential fund reallocations and design changes while taking into account (a) project performance to date and (b) potential progress in the rate of implementation; and, (iv) support the project in speeding up the progress and enhancing implementation effectiveness

The mission visited three districts in the West Sumatra province, namely Pasaman, Pasaman Barat and Pesisir Selatan. The mission was accompanied by representatives from the ADB, MoPWH, Ministry of Finance, Bappenas and the KMC.

In each district, the mission split in two groups, holding parallel consultations with officials from the local governments and agencies, and with farmer groups (FG) and field extension workers (FEW), and the provincial seed centre. The 15 day mission thus included 4 days field visits, but effectively consisting of 8 days of field work, with a kick-off meeting held on the 31 October, and a wrap-up meeting on the 15 November, both chaired by the Directorate for Water and Irrigation, Bappenas.

Key Mission Agreements and Conclusions

The mission is pleased to note significant progress in the implementation and expenditures in 2019 compared to 2018. Farmers were enthusiastically engaged and showed high appreciation for the support provided by the project and there is evidence that the Farmer Field Schools (FFS) have increased paddy yields by over 40% per hectare. Nonetheless, given the current rate of implementation, and assuming a continuous acceleration in the coming years, the mission foresees a possible overall expenditure of up to US\$ 60 million by the project completion date of March 2023. In order to achieve the objectives of the project a number of key recommendations must be implemented by the Ministry of Agriculture and the NPIU. These recommendations include:

NPIU Staffing: Out of 33 officially identified staff positions at NPIU, only 4 are working full time, 4 are 100% absent and 25 are part time – meaning working approximately 15 – 25% of their time on NPIU. Thus, in full time staff equivalent terms, there are about 9 staff available, equivalent to 27% of the number designated in the official Surat Keputusan (SK). This places a huge burden on the NPIU staff, which is a major drag on implementation. It is critical for the NPIU to be adequately staffed if the project is to achieve its objectives.

'Freezing' of districts and provinces that are not performing: At the time of the mission, 4 provinces and 20 districts had not yet allocated or spent funds on IPDMIP. Following the discussions of the 2018 supervision mission, these districts and provinces shall be considered frozen, and shall not receive further support from the NPIU unless they decide to re-engage with the project. This re-engagement must be validated by the allocation of budget and a concrete commitment to implement activities as soon as possible.

Intensification of activities: In order to expedite implementation and ensure that the project can achieve its development

objective, the NPIU will have to intensify the number of trainings to the FEW and FFS implemented. According to the estimates made by the mission, the NPIU, PPIUs and DPIUs will need to double the current number of Field Extension Workers trained and of Farmer Field Schools delivered.

Operating Costs: The NPIU and DPIUs do not have sufficient operating costs to support the intensification of activities at field level, which constitutes a bottleneck for project implementation. In this context, the Financing Agreement (FA) signed between IFAD and the Government should be amended to include operating costs for the NPIU, and that the operating costs budget be revised upwards for the PPIUs and DPIUs. The NPIU should propose the amount of operating costs needed at the three levels, and submit the proposal to IFAD with a justification for these additional costs.

Supporting the on-granting mechanism (1): The intensification of activities implies an important increase in the workload for DPIUs and the NPIU, particularly in terms of reviewing and consolidating the documentation necessary for reimbursement requests. In this context, the NPIU is recruiting 23 'on-granting' officers to support the PPIUs and DPIUs. It is of critical importance that these on-granting officers be fielded in December 2019

Supporting the on-granting mechanism (2): The on-granting budget available at Fiscal Balance-MOF for FY 2020 is only IDR 21 billion, which represents 20% of the on-granting budget for 2020, and does not consider the carry-forward from 2019. Both the NPMU and NPIU have agreed to request the MoF to revise its allocation to ensure enough budget and liquidity to allow for smooth reimbursements and to accommodate the expected acceleration in implementation. This request is urgent and requires strong support from MoA and MoPW.

D. Overview and Project Progress

The annual physical implementation rate is estimated at 45%. In 2019, 144 new FEW were recruited, bringing cumulative figure of new FEW up to 297. In addition, 544 FEW received refresher trainings in 2019, thus bringing the number of trained FEW up to 1,191. The first training of trainers for financial inclusion has also taken place, where 16 staff from the agriculture training centres have been trained. The first trainings of lead farmers and extension officers and the first batch of selected households, will take place in the coming months. Furthermore, in 2019 approximately 2000 FFS were held against only 650 in 2018. Approximately 50,000 farmers have attended these FFS, while an additional 150,000 members of the FG have indirectly benefitted from the technology and knowledge transfer.

Annual expenditures as of October 2019 amount to almost US\$ 3 million (EUR 2.9 million), with the annual expenditure rate reaching about 32% of the AWPB. With 33 out of 73 months elapsed, cumulative expenditures now stand at US\$ 4.9 million (EUR 4.6 million) or approximately 4.9% of the total project cost. While these figures are still low, they represent a marked improvement compared to 2018, where the annual expenditure rate was 22% of the AWPB and the cumulative expenditure rate was only 1.55%. This highlights the efforts made by the MoA NPIU, PPIU and DPIU.

The MTR should also assess the potential *freezing* of about 4 provinces and 20 districts that have not yet allocated or spent funds on IPDMIP activities. Following the discussions of the 2018 supervision mission, those districts that have not allocated funds for 2020 or spent funds by 2019 shall be considered *frozen*, and shall not receive further support from the NPIU unless they decide to re-engage with the project.

Component 4: Increased Irrigated Agriculture Income -Sub Component 4.1: Improved Farm Productivity and Services. The performance of this sub-component is rated as moderately satisfactory (4). 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 data received by the project, the physical implementation rate is 40%, and the annual expenditure rate is 14%.

Generally, farming systems activities are being well implemented – on time, under budget but below physical targets. The main constraint is the challenge of encouraging district governments to increase engagement (in around 20% of districts) and to have sufficient belief that pre-funded expenditure will be refunded on time and in full.

In farming systems development activities, 252 additional PPLs have been recruited. New extension staff are a good, equal mix of men and women with a range of education and work experience which is well suited to project requirements. There are 1,191 (939 existing and 252 new PPLs) representing around 25-35% of the extension staff in sub-district teams, who are working on IPDMIP and therefore receiving refresher (and new staff) training. While these PPL staff are happy with the quality of refresher training received, the fact that remaining extension staff in each sub-district team are not being trained is causing issues for the sub-district extension managers. Extension staff report that of the 12 training modules developed and delivered, topics which are most helpful at this stage are: (i) new rice production systems; (ii) extension training techniques; (iii) crop financial analysis; and (iv) value chain development, while they regard important topics for future modules include: (i) new crop opportunities; (ii) pest and disease management; (iii) marketing; and (iv) rural finance. The Mission reviewed a selection of staff training modules. Generally, they are adequate in terms of content but in terms of interesting and vibrant presentation, some improvements would help maintain the engagement and interest of trainees. There is limited evidence of contributions from other IFAD funded technical advisers.

Farmer training is being delivered via FFS – consisting of 12 training sessions around a demonstration plot/field

laboratory. Within the fairly severe constraints of district finance planning regulations, each sub district is delivering 3 FFS per village. But with typically 3 farmer groups of around 35 members per village, each requiring training, and only 3 FFS of 25 participants each, a significant number (over 30%) of IPDMIP farmers are missing out on FFS training. This is causing conflict within groups and providing PPLs and their sub-district managers with unnecessary challenges. In addition, the opportunity to run FFS on new subjects (e.g. new, diversified high value crops) is also constrained. Thus, on the one hand the additional staff resources are well selected and trained, but as a result of budget restrictions, they are operating at about 50% of capacity. All PPLs spoken to agreed they could run 8 FFS per year if finance was not a constraint.

The Mission proposes two responses to address this issue: (i) doubling the number of FFS. Some FFS will cover the existing topics for those currently unable to access FFS, while the remaining FFS will cover new topics e.g. high value crops (chillies) Thus, assuming engagement from the 69 districts actively engaged in IPDMIP, the number of FFS run annually will increase from currently around 3,250 to around 6,500 across the project within 2 years; and (ii) the “lead farmer” concept will be strengthened. Lead farmers can be trained to run FFS and provided additional technical backstopping where required.

Providing farmers **access to improved quality rice seed** is another important farming system activity to improve agriculture productivity. The intention is to ensure that every IPDMIP farmer has access to improved quality seed. At present, 66 districts are providing each FFS with sufficient quality seed (sourced from the provincial seed centre/BBI/Multiplier Farmers) for FFS school needs. But unfortunately there is not enough quality seed available to meet the needs of IPDMIP farmers. Without access to improved seeds, adoption rates of new improved seed use will be limited. Further, because farmers in different districts have different rice variety preferences, the Indonesian Centre for Rice Research located at Sukamandi, West Java is under-resourced to meet demand for several varieties of foundation seed.

The IPDMIP design also includes provisions for the modernisation of the rice seed system. Following the delays and complexity in implementing such an ambitious plan, it was agreed that the activities would be downscaled and include only a year-long study on the rice seed system in Indonesia including a roadmap on how to modernise it. The study would be led by a team of international experts, completed by national consultants to provide the knowledge and understanding of the local context. The procurement process would be led by the NPIU, but the Food and Agriculture Directorate of Bappenas would be delegated the management of the study.

Other important aspects of farming systems enhancement which are underway are procurement of soil and fertilizer test kits, a land use capability handbook (Paket PRL), and ongoing farm financial literacy training modules – which are just beginning to be delivered.

Sub Component 4.2: Improved Market Access and Services. The performance of this sub-component is rated moderately unsatisfactory (3). 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.

As of October 2019, according to the reports received, 9 value chain mappings were undertaken at a district level, with 3 validation workshops. At provincial level, 10 advanced and 10 basic value chain trainings were held. However, these activities represent only about 30% of the overall annual targets, and recorded expenditures amount to only 2% of the overall budget. The project is still suffering from the absence of a dedicated NPIU staff and of the international VC consultant. Following the resignation of the VC consultant recruited in 2018, the NPIU is in the process of recruiting of the second placed candidate. In addition, the regional management teams will include 1 VC specialist at regional level, which should help expedite the implementation of activities. Nonetheless, in the meantime the NPIU is supporting the PPIUs in delivering VC trainings to provincial and district staff.

With the increasing delays and challenges in implementation, the project and MTR team will have to review the expectations and feasibility of certain activities planned under this sub-component. For example, the remaining 3 years of implementation will probably not be sufficient to set up the VC fund with the associated guidelines and procedures, disburse funds and allow enough time for the investments to generate an impact. As such, the NPIU should review the feasibility of the current design and potentially review the programme of work for the sub-component, prior to the MTR scheduled for April 2020. The MTR will then assess which activities can still be effectively implemented.

Furthermore, in order to maximise the outreach of the VC interventions, the project should consider using the FFS as platform to sensitize farmers on the array of possible interventions with potential demonstrations/trainings at farm level.

Finally, as mentioned for sub-component 1, it is important that trainers are provided with the right material and skills to ensure that the trainings provided to the extension staff and farmers can have the desired impact. To this effect, the NPIU and PPIU should make use of the regional specialists and potentially identify trainers with a proven track record in the subject.

Sub Component 4.3: Improved Financial Access and Services. The performance of this sub-component is rated as moderately satisfactory (4). Following the recruitment of the international rural finance consultant, it was agreed that the

component needed a shift of focus away from the creation of saving groups towards forging better linkages between farmers and existing financial institutions. This shift has not modified the objective of the component which is to provide farmers with improved financial literacy and better access to adapted financial instruments.

In 2019, the project has implemented about 30% of the planned activities, although the recorded expenditures currently stand at only 2% of the AWPB. Nonetheless, good progress has been made since the last mission with the recruitment of the international consultant. In fact, the project has now finalised all of the training modules in collaboration with OJK and have begun the process of sensitisation of farmers and of the PPL.

In the meantime, the project has identified 10 districts where to pilot the rural finance activities. The selection of these districts followed a process where the team contacted 16 regional development banks, of which 11 responded to the survey. Of the 11 respondents, 7 already provide seasonal agricultural loans, although only 5 of these banks had a seasonal loan portfolio of sufficient volume to guarantee an adequate outreach. These 5 banks together offered a catchment area of 10 districts.

In addition to the manual and identification of the target areas, the project has already rolled out the first training of trainers, which was attended by 16 trainers from the MoA training centres. A further 6 ToT are planned to take place by the end of the year, with additional focus on the PPL and lead farmers, who will then provide further trainings to selected households. These trainings will follow a family team approach, whereas the financial literacy trainings will be provided to the household (husband, wife and children above 18 years old).

Some district governors and heads of the agriculture Dinas raised concerns that the cascading nature of these trainings - the project trains trainers, who then train PPL and lead farmers, who will then train lead households, who will then train other households - risks diminishing the intended impact of the trainings. Furthermore, some raised concerns that the MoA trainers may not have the necessary background and skills to effectively deliver these trainings. As such, the mission recommends the NPIU to identify potential NGOs/CSO with experience in delivering such trainings who could thus support the project, and also suggests that the NPIU consider removing the last layer of the cascade, even it involves reducing the outreach.

Sub-Component 1.3: Improved Policy Coordination for Irrigated Agriculture. The performance of this component is rated as satisfactory (5), whereas the estimated annual physical progress as of October 2019 is estimated at 85% of the AWPB, with an annual expenditure rate of 71.5%.

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.

The main activities undertaken by the KMC in 2019 include: supporting the MoPWH with the drafting of the ToRs for the procurement of LiDAR Bathymetry services. The KMC organized several meetings including a FGD which brought together different experts in the field, from government agencies, private sector and development partners. The KMC staff also contributed to drafting the ToRs, which aim is to procure LiDAR bathymetry services to make measurements of various water basins which will in turn provide detailed information for the planning and building of irrigation infrastructure.

The KMC also supported the development of the E-PAKSI application. The E-PAKSI was commissioned by the MoPWH to assess the conditions of existing irrigation infrastructure. The KMC was involved in the development of the application and participated in the field tests and demonstration to provide further feedback before the finalisation of the tool.

In terms of policy dialogue, the main work of the KMC was to contribute to the drafting of the Medium-term National Development Plan (RPJMN), with specific focus on irrigation and water management. The KMC organised a number of FGD and meetings, developed a costing matrix, and contributed to drafting some sections of the RPJMN pertaining to irrigation.

In addition, the KMC is working on 3 studies: (i) the study on the feasibility of applying micro-hydro technologies in Indonesia has now been commissioned, but the work will start in 2020; (ii) a policy paper on how to develop a participatory approach for the rehabilitation, maintenance and operation of irrigation systems was drafted and presented; (iii) a study on swamp irrigation/agriculture was finally postponed. The KMC realised that this is a complex, technical topic that will need an extent of expertise that they have not yet been able to mobilise.

Also related to policy engagement, the KMC participated in the 3rd World Irrigation Forum which took place in Bali in September 2019, and organised a farmer roundtable meeting as a side event. As part of the KM and communication activities, the KMC has developed materials including videos and brochures on the results they have achieved and the policy papers they have developed.

Finally, the KMC is setting up an online information system. The system is now online, yet still under testing. It provides data and maps on irrigation schemes, number of dams, and includes data on the socio-economic conditions of the populations living in proximity of these schemes.

Agreed Action	Responsibility	Agreed Date
Finalise contracting of Baseline Study Firm Sign contracts with the selected consultant	NPIU	07/2019
Finalise contracting of individual consultants (Rice Seed, Value Chain, Gender) Sign contracts with the selected consultants	NPIU	07/2019
Selection of irrigation schemes MoA NPIU should revise the PIM to allow for interventions on irrigation schemes not financed by ADB but under the government IPDMIP programme	NPIU	08/2019
Finalise recruitment of regional management consultants Sign contracts with the selected consultants	NPIU	09/2019
Value chain development training Start the training of extension workers on value chain development, including technical support on HVC varieties that are suitable in the project districts, and to use the FFS and farm-based demonstration sites to promote new varieties and new techniques.	NPIU, PPIU, District Dinas Pertanian and related service providers	09/2019
MoU on partnership with FI NPIU should draft a concise MoU and propose it selected DPIUs and Banks for discussions leading to signing for execution in partnership of financial literacy training and formal credit provision to IPDMIP beneficiaries	NPIU, DPIU, Banks	09/2019
VCF detailed guidelines Add step-by-step operational procedures for the VCF, which will be served as training material for the field implementers	NPIU	09/2019
Selection of irrigation schemes MoA and MoPWH must agree on the list of irrigation schemes being rehabilitated under the program	NPIU and NPMU	10/2019
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.	DPIU	10/2019
Farming Systems Training Insure that newly developed farming system topics are included in either the rural finance or value chain training sessions.	NPIU	10/2019
Include high-value horticulture crops in FFS Where relevant, and in consultation with the FG, include high-value horticulture and/or maize/soybean crops in the FFS	NPIU and Dinas MoA	12/2019

Review of Seed supply system Where relevant, support the FG to produce their own seeds and/or purchase certified seeds directly from available retailers	NPIU	12/2019
Undertake Value Chain mappings Undertake rice VC mappings in order to adequately plan for VC support activities in 2020	NPIU and Dinas MoA	12/2019
ToT of financial literacy training Train master trainings (Bank agents and PPL where relevant)	NPIU, Dinas and participating FIs	12/2019
VCF detailed guidelines Add step-by-step operational procedures for the VCF, which will be served as training material for the field implementers	NPIU	12/2019
Sub-component 4.1 Intensifying farming systems activities (i) train all FEW in targeted sub-districts (not only FEW engaged with IPDMIP villages. (ii) double number of annual FFS training in targeted villages, to target more FG members	NPIU and DPIUs	04/2020

E. Project implementation

a. Development Effectiveness

Effectiveness and Developmental Focus

Effectiveness

Rating: 4

Previous rating: 3

Justification of rating

Development effectiveness is rated as moderately satisfactory, as the project shows evidence that its development objective can still be met, although there are important delays in implementation. Furthermore, most outcomes are expected to be achieved, albeit the outreach will most certainly be significantly reduced. In fact, as a result of reductions in area of irrigation land to be rehabilitated (reduced from 450,000ha to around 330,000ha) the estimated number of beneficiaries in the logframe is more likely to be 550,000 beneficiaries instead of the 900,000 initially planned.

Log-Frame Analysis & Main Issues of Effectiveness

The rating takes account of the challenges faced by IPDMIP project staff as a result of matters beyond their control – in particular on-granting restrictions on budget allocations and insufficient staffing levels at NPIU. Despite these constraints, the project has done a good job in establishing the platform for a significant lift in farming systems activities for the remainder of the implementation period.

In terms of progress towards achieving the objective, outcomes and output, the MTR to be fielded in 2020 will provide more accurate data, nonetheless it is already possible to mention the following: (i) the outreach is expected to be about 60% of the total target planned at design, but this is due to the reduction in the rehabilitated areas and not due to delays in implementation. The project is thus expected to reach over 70% of the revised outreach; (ii) in terms of the outcomes, the project is still expected to reach the targets of 75% of beneficiaries reporting an increase in production and 75% of targeted households reporting increases in incomes, albeit from a reduced overall outreach target. As mentioned, there is evidence that the trainings already provided have generated improvements in productivity of up to 40%; (iii) in terms of outputs, the original targets must also be revised in par with the reduction of the rehabilitated area. As of today, 1,191 (about 12%) of the 10,000 FEW have been trained and are working, while it is expected that about 3,600 FEW (36% of the original target) will be trained by the end of the project. Similarly, the number of farmers receiving VC trainings may reach about 120,000 farmers – if the VC trainings are linked to the FFS – instead of the original target of 200,000.

In a similar context, the expected outreach for the financial literacy trainings is expected to reach about 120,000 households, equivalent to about 480,000 people instead of the targeted 675,000. Nonetheless, the project has already identified 5 financial service providers who have agreed to support the project out of the 8 originally planned.

Development Focus

Targeting and Outreach

Rating: 4

Previous 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. However, as mentioned in the section above, the final outreach figures will need to be revised by the MTR due to the reduction of the rehabilitated areas and the potential resizing of the project.

Main issues

The main issues with regards to outreach have been highlighted in the section above and relate mainly to the reduction of the outreach targets due to the reduction in the rehabilitation area, and possible due to the future resizing of the project.

Gender equality & women's participation

Rating: 4

Previous rating: 4

Justification of rating

Gender equality and women's participation is rated as moderately satisfactory. In fact, the project effectively reaches out to the intended target groups, although quantitative outreach targets are not being fully reached, as about 19% of the FG members are women, against the target of 30%. Nonetheless, 42% of the FEW involved in the project are women and overall women's participation in FFS stands at around 36%.

The contract of the NPIU Gender specialist has been extended so that she can continue providing support for gender mainstreaming in the current farming and financial literacy trainings, and possibly the VC activities.

Main issues

One of the main issues on gender equality remains the availability of reliable and accurate disaggregated data, although there have been improvements. In addition, the target of FG members is not being met, although the targets for trainings are. However, with the intensification of the FFS, the proportion of women being trained may fall under the 30% target, given the higher number male FG members. In this context, the implementing units at national and sub-national level must make sure that that additional women only FG be targeted for the trainings, or that the FG compositions be revised slightly to ensure a greater participation of women.

In addition, the financial literacy trainings will follow a family team approach, thus ensuring that women are actively supported in the management of household finances. When these trainings occur, the rating should be revised to satisfactory. However, the NPIU should ensure that the trainings to be provided by the PPL, lead farmers and selected households, is in line with the material developed by the NPIU. There is a risk that the gender mainstreaming aspects, and the importance of women in the household decision making process, will be overlooked due to the trainers not putting enough emphasis on such issues.

Agreed Action	Responsibility	Agreed Date
Women participation in FFS and financial literacy trainings Ensure sufficient participation of women in the FFS and financial literacy trainings	NPIU, PPIU, DPIU	12/2019

Agricultural Productivity

Rating: 4

Previous rating: 4

Justification of rating

Agricultural productivity is rated as moderately satisfactory as farmers are already benefiting from improved knowledge of rice production technology which is leading to significant increases in yields of up to 40% at demonstration plots. However these increases are not systematically documented yet. Introduction of improved rice production packages (Jajar Legowo) to village farmers through FFS has enjoyed almost 100% adoption rates after 2 years.

Main issues

Lack of access to quality seeds for most farmers is a result of the existing seed breeding, multiplication and distribution system being under-funded and over whelmed. Farmers in different districts have widely varying preferences for varieties according to taste, yield, suitability to local conditions etc. It is impossible for the handful of varieties currently being bred by the Indonesian Centre for Rice Research (Sukamandi) to meet these widely differing needs. In addition, the existing multiplication and distribution model involving the provincial seed centres (BBI) and accredited multiplier farmers is not delivering quality seeds to village farmers on a regular basis. Nonetheless, the impact on yields of improved plant density has been significant – depending on location, yields have increased from around 4T per ha to around 5.5T per ha over two years.

Nutrition	Rating:	
Adaptation to Climate Change	Rating: 4	Previous rating: 4

Justification of rating

The adaption to climate change is rates as moderately satisfactory, as climate change interventions are well articulated and target more than 75% of the overall interventions. In fact, these are building the resilience of communities including the rehabilitation of irrigation canals to reduce reliance on rain fed agriculture. Furthermore, as a result of FFS technical support being provided, there has been some improvement in the resilience of local communities vis-à-vis climate-related shocks and stresses. Farmers are being empowered to mitigate some negative effects of climate change and/or capitalize on some new opportunities emerging in a changing climate, but much more needs to be done and will be done in before project completion.

b. Sustainability and Scaling up

Institutions and Policy Engagement	Rating: 5	Previous rating: 4
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Justification of rating

The institutions and policy engagement is rated as satisfactory. The increase in rating is due to the fact that the project has successfully influenced 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 actively participated in the drafting of the RPJMN. The sustainability of these changes and activities is yet unknown, unless Bappenas are able to continue financing the KMC team.

The KMC has also developed a policy paper on the participation of FG/WUA in the operation and maintenance of irrigation infrastructure, and Bappenas is planning to push for the development of a new regulation in this regard.

Partnership-building	Rating: 3	Previous rating: 4
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Justification of rating

Partnership building is rated as moderately unsatisfactory, although IPDMIP was designed with a strong focus on partnerships. The reduction in the rating is due to the fact that the results of the partnerships have not improved since the last mission, mainly because the coordination between the 4 implementing agencies is still poor.

Furthermore, while the MoA NPIU has already established partnership with national seed research and production institutions, as well as 5 regional development banks, the results of these partnerships have not yet met expectations. Only the partnership with Bappenas/KMC is generating results, which includes policies around farmer participation in operation and maintenance, and inputs to the project implementation guidelines.

Main issues

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 main issue with regards to partnership building remains the coordination between the 4 implementing agencies at national and sub-national level. The mission noticed a lack of understanding from the NPMU of the approach and activities being implemented by the MoA NPIU. In addition, the MoA DPIUs are not making use of the consultants and facilitators provided by the other agencies. These structure of the project, with the NPMU under the MoPWH also seems to add layers of administration as the NPMU is responsible for the overall AWPB submission and allocation requests to the MoF.

Furthermore, one issue with the partnerships, that also affects the effectiveness of the project, is the sequencing of the rehabilitation and agriculture activities. In fact, in the areas visited, the mission was informed that the infrastructure work had either just started, or the designs were still waiting for approval. This implied that the rehabilitation would most probably be completed towards the end of the project. As such, FFS and demonstration will be held without the rehabilitated infrastructure, hence with limited water flow.

Nonetheless, with the rural finance activities to be in full flow by 2020, the partnerships with the regional development banks is expected to generate important results. As mentioned, the partnership with the KMC is generating results, and the project is also about to partner with Mercy Corps who is implementing an ICT grant from the ADB.

Human and Social Capital and Empowerment	Rating:
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Quality of Beneficiary Participation	Rating: 5	Previous rating: 5
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Justification of rating

64. 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, such as incorporating trainings on other high value crops as some farmers have asked for. 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	Previous rating: 4
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Justification of rating

The responsiveness of service providers is rated as moderately satisfactory. The two key service providers are: (i) national and provincial seed breeding (national) and seed multiplication centres (provincial); and (ii) the national and provincial training centres. The services delivered by the training centres has generally been of good quality, on time and on budget. However, the quality of the services provided by the seed centres is varied, as the seeds are not always provided on time and are not always the variety preferred by the farmers.

Main issues

It is important to note, however, that both sets of agencies has been willing but constrained by budgetary allocations processes as a result of on-granting funding mechanisms. In fact, the requirements of IPDMIP for quality extension seed and refresher training courses for PPLs have challenged the capacity of MOA agencies to meet the demands of farmers. While technically these challenges can be met with some additional staff training, and some improvements to seed multiplication and distribution, these agencies are willing to work with IPDMIP management.

Environment and Natural Resource Management	Rating:
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Exit Strategy	Rating: 4	Previous rating: 4
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Justification of rating

The exit strategy is rated as moderately satisfactory. In fact, the strategy is well defined in terms of Gol 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.

Furthermore, the continuous need to rehabilitate, maintain and operate irrigation infrastructure, coupled with the evolution of agriculture technology, practices and genetic material, ensures that initiatives such as IPDMIP will stay relevant in the years to come.

Potential for Scaling-up	Rating: 4	Previous rating: 4
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Justification of rating

The potential for scaling up is rated as moderately satisfactory. In fact, the Government and ADB have shown interest in certain elements and good potential for scaling up exists within Indonesia. 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, and interventions can be scaled-up for other irrigated crops beyond rice.

Main issues

The main issue that may hinder the scaling up of the IPDMIP approach is the challenges in coordinating interventions from the different implementing agencies, and the correct sequencing of interventions. These challenges can be overcome with a better planning of interventions and strong coordination at local level.

c. Project Management

Quality of Project Management	Rating: 3	Previous rating: 4
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Justification of rating

The quality of project management has been downgraded and is now rated as moderately unsatisfactory. In fact, many key NPIU positions are not adequately staffed, the regional consultants have not yet been recruited, and there are significant delays in project implementation. Despite these challenges, the existing NPIU staff is making considerable efforts and has been able to significantly accelerate the rate of implementation of the project.

Furthermore, 2 of the 3 international consultants have been working since early 2019 and have played an important role supporting the NPIU. The 3rd international consultant is scheduled to begin work in January 2020.

Main issues

At the time of the Mission (November 2019) out of 33 officially identified staff positions (MOA SK) at NPIU, 4 are working full time, 4 are 100% full time absent and 25 are part time – meaning working 15 – 25% of their time on NPIU. Thus, in full time staff equivalent terms, there are about 9 staff available – only 27% of the designated number^[1]. This places a huge burden on a handful of very dedicated and professional senior NPIU staff. For example, the Deputy Director (Technical) has 8 appointed SK positions, but none of these are full time appointments. In practical reality, the technical director has no staff. Further, in recent months, two senior management positions have been vacated but neither have been filled – resulting in additional and continuing pressure on remaining senior management staff. This lack of staff is severely affecting the implementation of the project, and is adversely affecting performance of M&E and KM.

Furthermore, the international consultants do not have NPIU counterparts to work with. Thus the NPIU is not making full use of the consultant's knowledge and expertise, and opportunities are being lost to transfer knowledge to the MoA staff.

The mission therefore suggests that: (i) the 2 deputy project managers for administration and M&E be assigned on a full-time basis; (ii) that these 2 deputy project managers be assigned full-time assistants to support the project; (iii) that the technical deputy project manager be assigned 3 full-time assistants to act as component coordinators and as counterparts to the international consultants; (iv) that 3 additional officers be assigned full time, for seeds, trainings and knowledge management.

^[1] The NPIU of the IFAD funded READSI project (implemented by the same DG of MOA) has around 67% of their designated SK staffing allocation as full time staff equivalents.

Agreed Action	Responsibility	Agreed Date
Staffing for on-granting (i) Finalise recruitment of 23 on-granting officers (ii) Train and deploy 23 on-granting officers	NPIU	12/2019

Knowledge Management	Rating: 4	Previous rating: 4
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Justification of rating

Knowledge management is rated as moderately satisfactory. In fact, while the project does not have a KM strategy or plan, the MoA has developed some ad-hoc communication and KM material such as brochures and videos around the FFS and trainings. Furthermore, IPDMIP project design nature is to demonstrate and pilot new innovative and integrated approach on irrigated agriculture management systems. The project should be able to record the lessons learned, implementation experience and best practices in order to allow future replicability. Although this is not being done by the NPIU, the KMC has taken over some of those responsibilities, and is producing relevant policy papers and research. The

project also includes cross-village tours to allow farmers to learn from each other.

Main issues

Despite the implementation challenges, there has been reasonable progress happening on the ground. NPIU has developed an extensive web-based MIS to track annual physical and financial progress, yet has not leveraged its function as knowledge-sharing platform. The stories from the field show a high level of increase in production just through adjusting farming practices and using the right farm inputs. These best practices and good stories were not properly disseminated to key stakeholders; resulting in a poor reflection on the project progress. The establishment of a project-wide knowledge management system will be key to facilitate replication and scaling up of interventions. It is recommended that NPIU should work closely together with KMC on the KM activities, both to share information and to seek possibility of conducting a nation-wide knowledge event to show case lessons and discuss challenges as well as to trigger policy dialogue as deemed necessary.

Value for Money	Rating: 4	Previous rating: 4
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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.

Main issues

A brief analysis of the annual inputs (expenditures) to outputs show that as of November 2019 the project has achieved approximately 64% of the combined loan and grant annual output targets while recording a combined annual expenditure rate of 52%. Furthermore, an international co-financing ratio of 6 – the ADB contribution to IPDMIP is US\$ 600 million against the US\$ 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 45% of the planned outputs while spending 32% of the annual budget, while the KMC has achieved 83% of its annual targets while recording annual expenditures of 73%. In addition, both the loan and grant activities are already showing concrete impact, such as increase in yields and contributions to national development plans and policies. While the MTR will be expected to revise the project budget and the overall outreach downwards, the project is still on track to achieve its objectives, which in turn confirms the strong value for money of the project.

Coherence between AWPB and Implementation	Rating: 4	Previous rating: 3
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Justification of rating

The coherence between AWPB and implementation has improved and is rated as moderately satisfactory. In fact, while there have been some problems in meeting the targets, in particular the VC trainings and mappings, the project is expected to reach more than 70% of its annual targets. In addition, more than 70% of the activities implemented conform to the AWPB that was submitted.

AWPB Inputs and Outputs Review and Implementation Progress

As of November 2019, the combined annual expenditure rate is 52.5% (73% for the grant and 32% for the loan), while the combined average annual physical achievement rate is estimated at 64% (83% for the grant and 45% for the loan). While these figures are still low, they represent a marked improvement compared to 2018.

The 2019 AWPB was submitted on time and was of good quality, for both the loan and the grant components. The NPIU and Bappenas use the AWPB for monitoring purposes, and both parties have made timely revisions of the AWPB to reflect changes in context and implementation. The KMC has already submitted the 2020 AWPB, while the MoA NPIU has yet to do so, as it is finalising the consolidation of the figures received by the PPIUs and DPIUs.

Performance of M&E System	Rating: 3	Previous rating: 4
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Justification of rating

The performance of the M&E system is rated as moderately unsatisfactory, as the system currently reports on progress only at the level of physical targets. Furthermore, the project design indicated that a Progress Monitoring System would be developed to consolidate all project M&E linking all the implementing agencies, but this has not happened. Each agency prepares a separate report on their related component implementation progress.

The MoA M&E system provides a significant database, albeit with three important shortcomings: (i) physical data is

incomplete and provides only a partial picture performance; (ii) data gathering processes are time consuming for district monitoring officer consolidating data; and (iii) the reports generated do not fully respond to management needs.

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 not all districts and provinces are reporting regularly, and some discrepancies in the accuracy of the data have emerged since the last mission. Because of the scale and scope of IPDMIP, effective communications are vital to enhance data flows. This can be improved by ensuring direct communications links between the field level and the NPIU through the use of ICT.

The system includes a monitoring dashboard as part of the MIS. This dashboard provides annual physical and financial progress information, and been operational since 2018. The MIS was designed allows real-time data collection and monitoring of implementation progress. Overall, the system is working and functioning to collect data from the district even village level. Currently the web-based MIS only showing actual physical progress based on the approved AWPB. It has been useful to monitor progress towards achieving annual target. However, the MIS should be able to support NPIU in monitoring progress against achieving the outcome indicators based on the logical framework target. The MIS will require some adjustment in order to be an effective monitoring system allowing management decisions and documentation of impact and learnings, and not just as data collecting tools

The mission found further that the focus of the M&E system at all levels is on collecting, re checking and compiling data but the actual use of the data for analysis and management is limited. This was also constrained by the limited resources to support data analysis process. In fact, the staffing shortage exacerbates the problem. The MOA "SK" designates a Deputy Director (M&E), supported by 4 appointed support staff positions. In fact, none of these staff are full time appointments. In practical reality, the NPIU Director has no M&E staff which reflects a lack of commitment to and appreciation of the importance of M&E in a project of the physical and financial scale of IPDMIP. The only M&E support to NPIU management is one national consultant who has a limited operating budget and time to enable more active field engagement.

The main sub national bottleneck is receipt of data from the field coupled with the fact that often the districts do not appear at coordination meetings. These problems stem from the fact that there is only one officer at district level to support data input, and they tend to share the M&E data through whatsapp group instead of inputting directly to the system.

Finally, at the time of the mission the baseline survey was just being completed. Given the delay, the survey will be used mainly to inform the MTR and may be used as a 'baseline' for the resized project after MTR.

Agreed Action	Responsibility	Agreed Date
Close follow-up with Consultants, DPIU and PPIU for data entry Train all relevant staff at field level on the use of the M&E system	NPIU, PPIU, DPIU	10/2019
Ensure disaggregated data is available in the MIS	NPIU, PPIU, DPIU	10/2019
Deploy ICT equipment to the FEW Deploy ICT equipment to the FEW to enable direct transmission of technical and financial information to FEWs; and to improve.	NPIU and DPIU	03/2020

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

Rating: 4

Previous 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 Gol 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

Acceptable Disbursement Rate	Rating: 2	Previous rating: 1
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Justification of rating

The Project is in its 3rd year of implementation. As of 31 October 2019, total IFAD loan disbursement was EUR 10.1 million (11%) including EUR 8 million advance and EUR 1.1 million expenses that have yet to be claimed to IFAD. Meanwhile, total grant disbursement was EUR 0.68 million (48%), including EUR 0.29 million advance and EUR 0.06 million expenses that have yet to be claimed. GoI contribution was EUR 0.32 million (3% from government contribution from the agriculture line). Budget execution for 2018 was 22% for IFAD loan financier, 80% for Grant and 75% for GoI contribution. For 2019, as of 31 October 2019, budget execution was 31% for IFAD loan financier, 60% for Grant and 65% for The GoI contribution. The disbursement status for all financiers is summarized in appendix 1.

Main issues

Delay in project implementation and complexity of On Granting Mechanism. The low disbursement rate and budget execution reflects the delayed project implementation, procurement process, coordination issues at national and sub national level and the complexity of the on-granting mechanism. Total on-granting expenditure as of 31 Oct 2019 was IDR 34 billion (33%). It is estimated that there will be additional IDR 15billion reimbursement request submitted in early 2020 for the activities done in FY 2019 and included in the carry forward budget (DIPA Luncuran)..

On-granting. The budget allocations at sub-national are finalised in November of the previous year, and can only be revised once around September or October of the year in question. Furthermore, the budgets are rigid and there is little scope for reallocations among different types of activities within the budget amount, to accommodate for changes during the course of the year. This rigidity hampers the implementation of the project, as it does not allow rapid responses to evolving situations on the ground, and any potential revision of the AWPB cannot be accommodated before September or October. Furthermore, the on-granting budget at Fiscal Balance-MoF is allocated for each province and district on a proportional basis, which does not take into account the actual allocations done by districts and provinces from their own budgets. This also creates issues for reimbursements, as the MoF may not have sufficient budget allocated to a particular district or province, mainly to those which perform better in terms of project implementation. In this context, allowing for more budget revisions and reallocations during the course of the year, specifically for the project budget, would provide an invaluable flexibility which is needed to ensure the implementation of such a large-scale development project.

Agreed Action	Responsibility	Agreed Date
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
On Granting Budget revision for 2020 To revise the budget for the on-granting for FY 2020 at Fiscal Balance-MOF to reflect its realistic AWPB	MoA, MPW & MoF	01/2020
Recruitment of FM consultants for local governments Recruit and deploy FM consultants for provinces/districts	NPIU	

Fiduciary aspects

Quality of Financial Management

Rating: 3

Previous rating: 3

Justification of rating

The Project financial management system has improved since the last mission. The finance consultants at national level are complete and improvements were made including the submission of project financial reports, inclusion of asset list and contract register in the IFR, follow up of the audit report 2017 and 2018 and that reimbursement process has been started. Some issues remain including: lengthy process of the on-granting reimbursement, insufficient budget allocation at Fiscal Balance-Ministry of Finance and reporting quality.

Main issues

Organization and Staffing. Finance team at national level are on board. One senior consultant and one assistant were recruited to assist the project in the financial management aspect. In order to support the intensification of the farming systems activities and ensure a smooth implementation of the whole project, the mission notes the need to have additional workforce at sub-national level particularly in terms of reviewing and consolidating the documentation necessary for reimbursement requests. the NPIU is recruiting 23 'on-granting' officers at province/district level in order to support the PPIUs and DPIUs. It is of critical importance that these on-granting officers be fielded in December 2019 and support the DPIUs in the consolidation of the reimbursement documentation and follow-up on the reimbursement process, in addition to providing regular coaching and advice on the on-granting procedures.

Budgeting. AWPB 2020 preparation has been started in July 2019. Draft AWPB 2020 had been prepared but not yet submitted to IFAD. Revision is recommended to accommodate implementation acceleration in 2020 forward. The on-granting budget available at Fiscal Balance-MOF for FY 2019 is IDR 41.8 billion, which will only cover the reimbursement of sub-national expenditures, which are all under the on-grating mechanism, up to October 2019 and the carry-over reimbursements from 2018. The DPIUs and PPIUs are expected to request additional reimbursements of approximately IDR 15 billion for 2019, which can only be paid in 2020. However, only IDR 21 billion has been allocated by Fiscal Balance – MoF for 2020, which represents only 20% of the on-granting budget for 2020, and does not consider the carry-forward from 2019. Both the NPMU and NPIU have agreed to request the MoF to revise its allocation to ensure enough budget and liquidity to allow for smooth reimbursements and to accommodate the expected acceleration in implementation. This request is urgent and requires strong support from MoA and MoPW.

Funds flow & Disbursement Arrangements. Reimbursement is made with average payment time of around 1-2 months, for various reasons including: incomplete documents submitted by PPIU/DPIU, long channel of processing at national level (PPIU/DPIU to NPIU (MoA) to NPMU (Min of Public Work) and then to Fiscal Balance (MoF). Limited allocation provided contribute to the lengthy of reimbursement payment. Budget allocation provided by MoF was not based on the PPIU/DPIU AWPB. Budget also listed for each individual province or districts. If the request from a district is higher than

the budget at MoF, it will take another month to reallocate the budget from non performing province/district to this particular district. In order to simplify and accelerate the reimbursement process, it was agreed at the wrap-up meeting that the project will explore different options to reduce the number of transactions, and hence the administrative burden, necessary for reimbursements. Furthermore, Bappenas suggested that the NPMU should strengthen their consultant team to ensure that the MoA NPIU can receive further support from the NPMU to accelerate the reimbursement process to the provinces and districts.

Internal Controls. The mission conducted payment review at Jakarta Office both for Loan and Grant as well as in 2 DPIU. In general, the payments are supported by adequate documents. Payment process is following the government system, PMK 190/PMK.05/2012. NPIU is maintaining the copy document of reimbursement from PPIU and DPIU since 2019 but not for 2018. Contract register and asset list has been included in the interim financial report (IFR) period of July-September 2019.

Accounting. The project uses government accounting system, SAIBA and OM SPAN for monitoring and reporting purposes. Financial report, budget vs expenditure report based on government account code and funding sources can be produced from the system. However, the project has to maintain an excel based reporting system, using the data withdrew from SAIBA, reconcile it with supporting documents and bank accounts to produce report on category or component and other reports required for project management and reporting to IFAD.

Financial Reporting and Monitoring. The IFR period of July-September 2019 was submitted on time to IFAD on 16 October 2019. Improvement was made by including contract register, asset list and audit log. However, another improvement has to be made such as: the sources and uses of funds do not reflect the opening and closing balance and that the category and component report in EUR was not available. The project was also reminded to send the unaudited financial report of 2019 to IFAD by 30 April 2020 the latest.

Internal Audit. MOA Inspectorate General (Itjen) acts as the internal auditor for the project. IPDMIP has not been included in the program. Nonetheless Itjen has reviewed the AWPBs proposed by the project. Currently, there is no other internal audit arrangement for the project. The project will initiate the discussion with Itjen to include the project in their program.

Agreed Action	Responsibility	Agreed Date
Internal Audit: Request the MoA Inspectorate General to conduct audit of the Project at least once or twice a year an AWPBAWPBd provide copy of audit report to IFAD	NPIU/MoA	01/2019
Accounting Software: Procure stand-alone accounting software	NPIU/MoA	01/2019
Budget reallocation for 2019 and 2020 To reallocate on granting budget amongst provinces and district to accommodate the reimbursement request at end of 2019	MoA, MPW & MoF	11/2019
Organisation and Staffing To recruit 23 on granting officers to support PPIU and DPIU in on granting related activities	MoA	12/2019
Fund Flow To explore different options to reduce the number of transactions, and hence the administrative burden, necessary for reimbursements. To strengthen the consultant team to ensure that the MoA NPIU can receive further support from the NPMU to accelerate the reimbursement process to the provinces and districts.	MoA & MoF, MoPW (NPMU)	01/2020
Budget reallocation for 2020 To reallocate on granting budget amongst provinces and district to accommodate the reimbursement request at first quarter of 2019, based on the carry forward reimbursement data	MoA, MPW & MoF	01/2020
Financial Reporting & Monitoring To submit IFR with improvement in : sources and uses of fund, category and component in EUR, 45 days after the end of the period To submit unaudited financial report of 2019 by 30 April 2020 the latest	MoA	02/2020

Quality and Timeliness of Audit

Rating: 4

Previous rating: 5

Justification of rating

The audited report and ML were separated into loan and grant, are submitted on time. Two mandatory reports per 4 requirements received by IFAD as it lacked of the Source and Use of Fund statement and Statement of receipt and payment since its accounting standard is cash basis

Main issues

The audited financial statements, which were due on 30 June 2019 were submitted and received within the stipulated submission deadline.

The financial statements were prepared on the cash basis, which are deemed acceptable to IFAD. IFAD's assessment of the financial statements, rated the quality of the financial reporting as **moderately satisfactory** on the basis that the financial statements submitted were incomplete, the Withdrawal Application Statement and Fixed Asset Statement were not presented in the report.

Agreed Action	Responsibility	Agreed Date
Operation Inadequate administration of Accountability Document Action: Carry out scrutiny and increase quality of control activities		
Procurement Procurement was not carried out in accordance to project provisions. 15 occurrences in this finding Actions: Head of NPIU and DPIU to follow up, NPIU to monitor and follow-up		
Project planning Project planning was not optimal. Actions: Head of NPIU and DPIU to follow up, NPIU to monitor and follow-up AWPB did not outline the detail activities required to achieve the expected output. Actions: Instruct the Project Manager to cascade the activities in AWPB 2019 to more detailed sub activities.		

Counterparts Funds

Rating: 3

Previous rating: 4

Justification of rating

The government counterpart fund allocation for FY 2018 and 2019 was IDR 3.4 billion each based on the approved AWPB 2018 and 2019. Total project disbursement from the government counterpart funds IDR 2.5 million (75%) for 2018 and IDR 2.2 million (65% for 2019, as of 31 October 2019).

Main issues

The government contribution specified in the costab consist of government staff cost and support cost. The current system reported EUR 0.3 million for cash government contribution for support cost from the national level and has not yet include the staff cost and support cost from the sub national level (provincial and district government). From field visit, it was noted that several local governments allocate support cost from their own budget for the project and some not and this has not yet included in the counterpart report.

Agreed Action	Responsibility	Agreed Date
Counterpart funds To include staff cost and support cost from national and sub national level for the counterpart funds	MoA	12/2019

Compliance with Loan Covenants

Rating: 4

Previous 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

Previous rating: 3

Justification of rating

The quality for the procurement is rated as moderately unsatisfactory, mainly due to the delays in excess of one year that

are negatively affecting implementation. In particular, the recruitment of the regional management consultant teams has been on-going since 2018 and have not yet been completed. Furthermore, the NPIU does not systematically update the procurement plan, and the PPIU and DPIU do not submit any procurement progress reports to the NPIU. For example, there is no data or information readily available on the purchase and distribution of seeds.

However the quality of the procurement of the KMC is rated as moderately satisfactory, as the KMC regularly updates and follows the PP. The procurement process have been timely and have not negatively impacted implementation.

Procurement Review

Procurement for Consultant and Consultancy Services. Since the last mission, the project has recruited 2 international consultants, one national rice seed specialist, have commissioned and finalised the household survey, and have made important progress with the 8 regional management consultant packages. The project is also in the process of recruiting 23 on-granting officers who will support the sub-national level agencies in managing the on-granting process and prepare the necessary documentation.

Procurement of goods. All the planned goods listed in PP of NPIU have been procured. However, no information related to procurement of goods at PPIU and DPIU levels. For seeds, NPIU has managed procurement and supplied to Districts in Jawa Tengah and Banten Provinces, and also for particular seeds to specific district or province, i.e. foundation seed (to Pati and Banyumas Districts in Jawa Tengah Province) and Breeder seeds (for Sumatera Selatan and Sulawesi Tengah Provinces).

Procurement at subnational level. The main challenges at sub-national level has been the procurement of seeds. As mentioned in previous sections, this shortcomings are mainly due to budgeting constraints and the low availability of seed that cannot meet the demand.

Agreed Action	Responsibility	Agreed Date
Improvement of Project Procurement <ul style="list-style-type: none"> • Procurement guideline • Training to procurement officer at sub-national level. • Procurement Monitoring System available in place and updated (to monitor progress of procurement plan). • Prioritize to use e-catalogue as procurement method for goods. 	Project Manager / Procurement Specialist	12/2019
NOTUS Account <p>Due to limited NOTUS user in IPDMIP. Project is advised to appoint one or more staff to have training on NOTUS and have NOTUS user account.</p>	Project Manager	12/2019
Finalize the Recruitment of consultant firm and individual consultant <p>Procurement of Eight Packages of Farming Systems, Value Chain, Rural Finance to be deployed to eight regions</p> <p>Recruitment of 23 on-granting officers.</p>	NPIU	12/2019

e. Key SIS Indicators

Likelihood of Achieving the Development Objective	Rating: 4	Previous rating: 4
Assessment of the Overall Implementation Performance	Rating: 3	Previous rating: 4

Justification of rating

While there have been improvements in the project implementation, further improvements are needed as mentioned along the supervision report above.

F. Agreed Actions

Agreed Action	Responsibility	Agreed Date
Overview and Project Progress		
Finalise contracting of Baseline Study Firm Sign contracts with the selected consultant	NPIU	07/2019
Finalise contracting of individual consultants (Rice Seed, Value Chain, Gender) Sign contracts with the selected consultants	NPIU	07/2019
Selection of irrigation schemes MoA NPIU should revise the PIM to allow for interventions on irrigation schemes not financed by ADB but under the government IPDMIP programme	NPIU	08/2019
Finalise recruitment of regional management consultants Sign contracts with the selected consultants	NPIU	09/2019
Value chain development training Start the training of extension workers on value chain development, including technical support on HVC varieties that are suitable in the project districts, and to use the FFS and farm-based demonstration sites to promote new varieties and new techniques.	NPIU, PPIU, District Dinas Pertanian and related service providers	09/2019
MoU on partnership with FI NPIU should draft a concise MoU and propose it selected DPIUs and Banks for discussions leading to signing for execution in partnership of financial literacy training and formal credit provision to IPDMIP beneficiaries	NPIU, DPIU, Banks	09/2019
VCF detailed guidelines Add step-by-step operational procedures for the VCF, which will be served as training material for the field implementers	NPIU	09/2019
Selection of irrigation schemes MoA and MoPWH must agree on the list of irrigation schemes being rehabilitated under the program	NPIU and NPMU	10/2019
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.	DPIU	10/2019
Farming Systems Training Insure that newly developed farming system topics are included in either the rural finance or value chain training sessions.	NPIU	10/2019

Include high-value horticulture crops in FFS Where relevant, and in consultation with the FG, include high-value horticulture and/or maize/soybean crops in the FFS	NPIU and Dinas MoA	12/2019
Review of Seed supply system Where relevant, support the FG to produce their own seeds and/or purchase certified seeds directly from available retailers	NPIU	12/2019
Undertake Value Chain mappings Undertake rice VC mappings in order to adequately plan for VC support activities in 2020	NPIU and Dinas MoA	12/2019
ToT of financial literacy training Train master trainings (Bank agents and PPL where relevant)	NPIU, Dinas and participating FIs	12/2019
VCF detailed guidelines Add step-by-step operational procedures for the VCF, which will be served as training material for the field implementers	NPIU	12/2019
Sub-component 4.1 Intensifying farming systems activities (i) train all FEW in targeted sub-districts (not only FEW engaged with IPDMIP villages. (ii) double number of annual FFS training in targeted villages, to target more FG members	NPIU and DPIUs	04/2020
Development Effectiveness		
Women participation in FFS and financial literacy trainings Ensure sufficient participation of women in the FFS and financial literacy trainings	NPIU, PPIU, DPIU	12/2019
Project Management		
Close follow-up with Consultants, DPIU and PPIU for data entry Train all relevant staff at field level on the use of the M&E system	NPIU, PPIU, DPIU	10/2019
Ensure disaggregated data is available in the MIS	NPIU, PPIU, DPIU	10/2019
Staffing for on-granting (i) Finalise recruitment of 23 on-granting officers (ii) Train and deploy 23 on-granting officers	NPIU	12/2019
Deploy ICT equipment to the FEW Deploy ICT equipment to the FEW to enable direct transmission of technical and financial information to FEWs; and to improve.	NPIU and DPIU	03/2020
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
Internal Audit: Request the MoA Inspectorate General to conduct audit of the Project at least once or twice a year an AWPBAWPBd provide copy of audit report to IFAD	NPIU/MoA	01/2019
Accounting Software: Procure stand-alone accounting software	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
Budget reallocation for 2019 and 2020 To reallocate on granting budget amongst provinces and district to accommodate the reimbursement request at end of 2019	MoA, MPW & MoF	11/2019
Improvement of Project Procurement <ul style="list-style-type: none"> • Procurement guideline • Training to procurement officer at sub-national level. • Procurement Monitoring System available in place and updated (to monitor progress of procurement plan). • Prioritize to use e-catalogue as procurement method for goods. 	Project Manager / Procurement Specialist	12/2019
NOTUS Account Due to limited NOTUS user in IPDMIP. Project is advised to appoint one or more staff to have training on NOTUS and have NOTUS user account.	Project Manager	12/2019
Finalize the Recruitment of consultant firm and individual consultant Procurement of Eight Packages of Farming Systems, Value Chain, Rural Finance to be deployed to eight regions Recruitment of 23 on-granting officers.	NPIU	12/2019
Counterpart funds To include staff cost and support cost from national and sub national level for the counterpart funds	MoA	12/2019
Organisation and Staffing To recruit 23 on granting officers to support PPIU and DPIU in on granting related activities	MoA	12/2019

On Granting Budget revision for 2020 To revise the budget for the on-granting for FY 2020 at Fiscal Balance-MOF to reflect its realistic AWPB	MoA, MPW & MoF	01/2020
Fund Flow To explore different options to reduce the number of transactions, and hence the administrative burden, necessary for reimbursements. To strengthen the consultant team to ensure that the MoA NPIU can receive further support from the NPMU to accelerate the reimbursement process to the provinces and districts.	MoA & MoF, MoPW (NPMU)	01/2020
Budget reallocation for 2020 To reallocate on granting budget amongst provinces and district to accommodate the reimbursement request at first quarter of 2019, based on the carry forward reimbursement data	MoA, MPW & MoF	01/2020
Financial Reporting & Monitoring To submit IFR with improvement in : sources and uses of fund, category and component in EUR, 45 days after the end of the period To submit unaudited financial report of 2019 by 30 April 2020 the latest	MoA	02/2020
Recruitment of FM consultants for local governments Recruit and deploy FM consultants for provinces/districts	NPIU	
Operation Inadequate administration of Accountability Document Action: Carry out scrutiny and increase quality of control activities		
Procurement Procurement was not carried out in accordance to project provisions. 15 occurrences in this finding Actions: Head of NPIU and DPIU to follow up, NPIU to monitor and follow-up		
Project planning Project planning was not optimal. Actions: Head of NPIU and DPIU to follow up, NPIU to monitor and follow-up AWPB did not outline the detail activities required to achieve the expected output. Actions: Instruct the Project Manager to cascade the activities in AWPB 2019 to more detailed sub activities.		

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 (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	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	
	Females				27 478	27 478					
	Males				117 232	117 232					
	Young				17 585	17 585					
	Total number of persons receiving services				15 310	144 710					
	1.a Corresponding number of households reached							Annual Outcome Survey	Annual	MoA	
	Non-women-headed households				130 239	130 239					
	Households			900 000	15 310	144 710	16.1				
	1.b Estimated corresponding total number of households members							Annual Outcome Survey	Annual	MoA	
	Household members			4 000 000	76 550	723 550	18.1				
Project Goal Improve food security and livelihoods in rural Indonesia											
Development 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	30	30	60				

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
	Households have improved food security							RIMS impact survey; MoPW, MoHA, MoA; Baseline data;	Annual	MoA	
	Households			75							
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										

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
	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	MoHA	Regional parliaments delay endorsement of IMPs for RPJMD for political or other reasons
	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							
	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,	Annual	MoHA	

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
	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							
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	100						
	Extension workers trained and working									MoA	
	Extension workers			10 000	544	1 191	11.9				

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
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	
	Females			250							
	Males			250							
	Young										
	Not Young										
	Indigenous people										
	Non-Indigenous people										
Output Improved financial services and use of services	1.1.5 Persons in rural areas accessing financial services									MoA	
	Total persons accessing financial services - savings			675 000							
	Total persons accessing financial services - credit			675 000							
	1.1.6 Financial service providers supported in delivering outreach strategies, financial products and services to rural areas									MoA	
	Service providers			8							

Indonesia

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: 31 October - 15 November 2019
Document Date 22/01/2020
Project No. 1100001706
Report No. 5281-ID

Asia and the Pacific Division
Programme Management Department

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

Table 2A: Financial performance by financier

Financier	Appraisal (EUR '000)	Disbursements (EUR '000)	Per cent disbursed
IFAD loan *	93,150	10,098	11%
IFAD grant **	1,410	679	48%
Government ***	111,707	315	0.28%
Beneficiary		-	0%
ADB & AIF	569,068	30,180	5%
Total	775,335	41,273	5%

Exchange Rate USD-EUR= 1.056

*including: EUR 1.1 million disbursement that has yet been claimed
EUR 8 million advance

** including: EUR 0.29 million advance and EUR 61758 disbursement that has yet been claimed

*** or 3% from EUR 9.2 million of government contribution from the agriculture line

Table 2B: Financial performance by financier by component (EUR '000)

Component	IFAD loan			IFAD grant			The Government			ADB & AIF			Total		
	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%
A. Increased Irrigation Agricultural Income															
1. Improve Farm Productivity and Services	44,229	1,400	3%				4,423	-	-				48,652	1,400	3%
2. Improve Market Access and Services	7,397	24	0%				740	-	-				8,136	24	0%
3. Improved Financial Access and use of Services	20,815	7	0%				2,082						22,897	7	0%
Project Management	19,728	667	3%				1,973	315	16%				21,700	982	5%
Subtotal															
B. Improved Irrigation Infrastructure							43,479	-	-	435,423		0%	478,901	-	0%
C. Improved Irrigation System Management	981		0%				8,622			85,367		0%	94,971	-	0%
D. Strengthened Policy and Institutional Frameworks for Irrigated Agriculture				1,410	390	28%	50,389			48,278		0%	100,077	390	0%
AUTHORISED ALLOCATION		8,000			289									8,289	
	93,150	10,098	11%	1,410	679	48%	111,707	315	0%	569,068	30,180	5%	775,335	41,273	5%

Table 2C: IFAD loan disbursements (EUR, as at 31 October 2019)

Category	Category	Original Allocation	Disbursement	W/A pending	Exp. not yet submitted	Balance	%
1	CONSULTANCIES	21,440,000	107,580.05		315,544.42	21,016,876	2%
2	CREDIT AND GUARANTEE FUNDS	20,340,000	5,345.49		-	20,334,655	0%
3	EQUIPMENT AND MATERIALS	18,880,000	126,217.44		131,354.49	18,622,428	1%
4	SALARIES AND ALLOWANCES	5,050,000	106,053.57		112,858.87	4,831,088	4%
5	WORKSHOPS	27,440,000	648,733.06		544,591.20	26,246,676	4%
6	OPERATING COSTS					-	
7	AUTHORISED ALLOCATION	-	8,000,000.00	-		(8,000,000)	
	Total	93,150,000.00	8,993,929.61	0.00	1,104,348.98	83,051,721.41	11%

Table 2D: IFAD Grant disbursements (EUR, as at 31 October 2019)

Category	Category	Original Allocation	Disbursement	W/A pending	Exp. not yet submitted	Balance	%
1	CONSULTANCIES	650,000	118,570.73		28,470.80	502,958	23%
2	CREDIT AND GUARANTEE FUNDS						
3	EQUIPMENT AND MATERIALS	140,000	20,528.30		7,998.34	111,473	20%
4	SALARIES AND ALLOWANCES						
5	WORKSHOPS	260,000	128,135.18		6,217.18	125,648	52%
6	OPERATING COSTS	360,000	61,285.54		19,071.70	279,643	22%
7	AUTHORISED ALLOCATION		288,936.00			(288,936)	
	Total	1,410,000.00	617,455.75	0.00	61,758.02	730,786.23	48%

Figure 1: IFAD loan disbursement, comparisons between original and revised allocations and actual disbursement

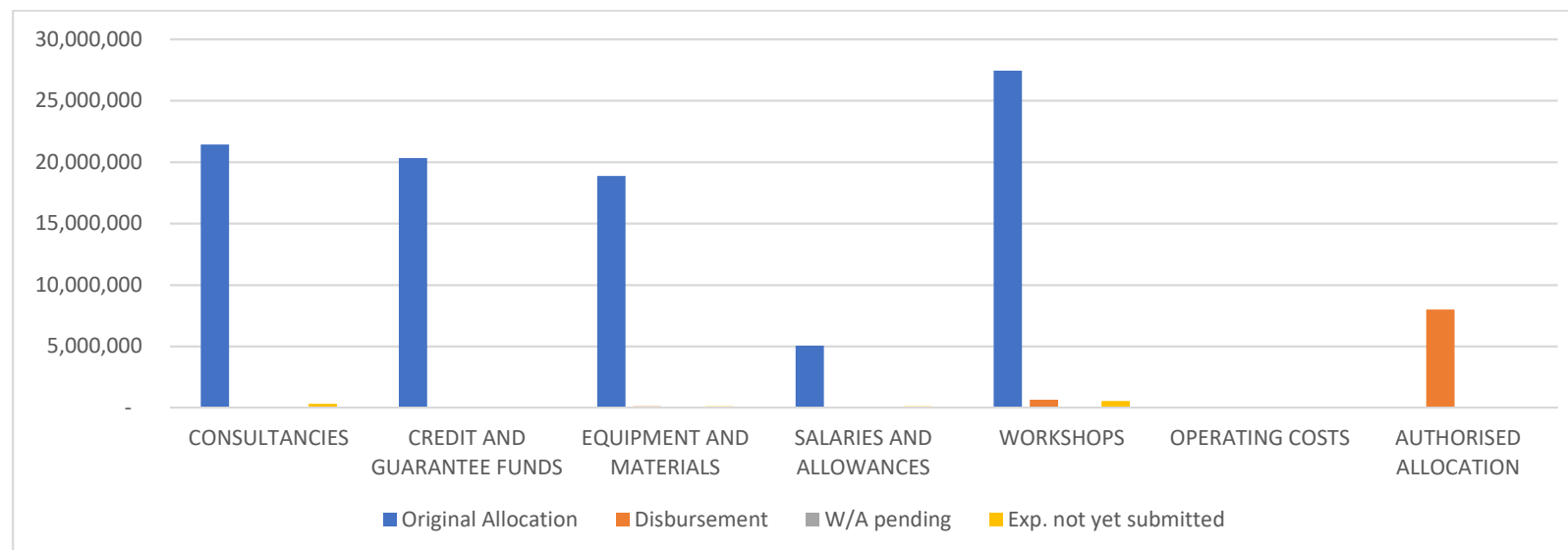
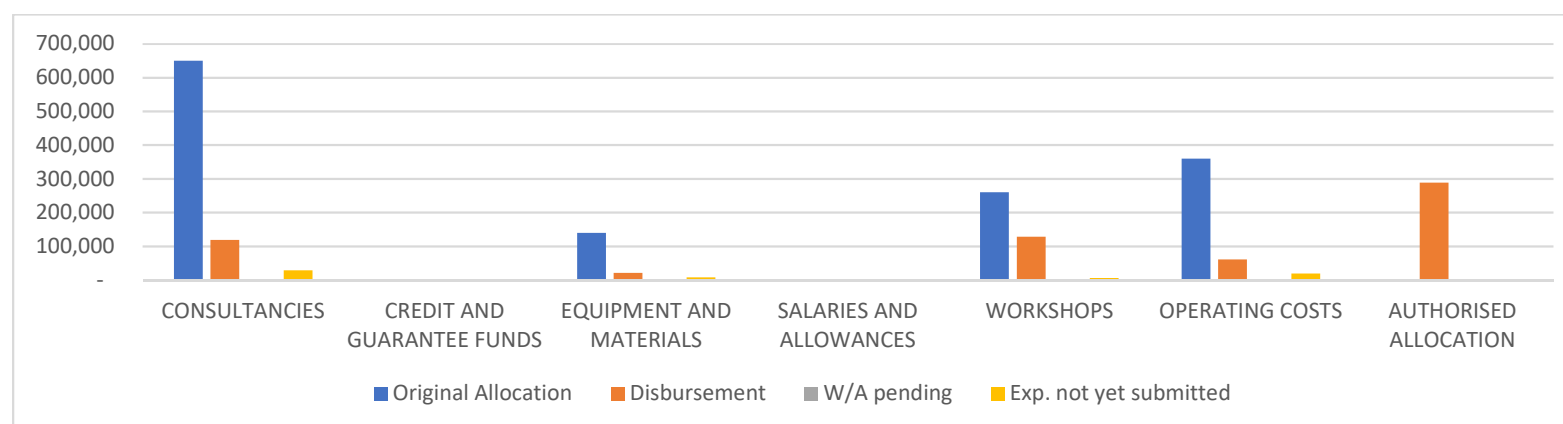


Figure 2: IFAD grant disbursement, comparisons between original and revised allocations and actual disbursement



Indonesia

Integrated Participatory Development and Management of the Irrigation Sector Project

Supervision Report

Appendix 2: Physical progress measured against AWP&B

Mission Dates: 31 October - 15 November 2019
Document Date 22/01/2020
Project No. 1100001706
Report No. 5281-ID

Asia and the Pacific Division
Programme Management Department

Appendix 2: Physical progress measured against AWP&B

		Period: to	2019		Cumulative	Appraisal	
Indicator	Unit	AWP&B	Actual	%	Actual	Target	%
Sub-component 1.1							
NPIU							
MOA visit	#	2	2	100%	2	3	67%
IRRC supply F-2 seeds (only outside Java)	contract	1	-	0%	-	6	0%
Refresher Training (Banten Province and Central Java)	Times	4	1	25%	1	4	25%
New Staff Training (Banten Province and Central Java)	Times	4	1	25%	1	4	25%
Review of Rice Crop Commodity Technology Packages (Banten Province and Central Java)	Package	1	1	100%	1	1	100%
Review of High Value Crop Commodity Technology Packages (Banten Province and Central Java)	Package	1	1	100%	1	1	100%
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	1	100%	1	5	20%
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	person	544	544	100%	1 191	2 405	50%
Review of Rice Technology Packages	Province	7	1	14%	2	14	14%
Review of High Value Crop Commodity Packages	Province	8	1	13%	2	14	14%
Stock Seeds/F2 Multiplication	Province	15	3	20%	4	70	6%
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%

		Period: to	2019		Cumulative	Appraisal	
Indicator	Unit	AWP&B	Actual	%	Actual	Target	%
DPIU							
New Staff	Person	694	144	21%	297	2 405	12%
Training for leaders of farmer groups	Person	971	640	66%	640	1 942	33%
Farmer Field Schools – 1st Round	Times	5 327	1 500	28%	2 500	10 840	23%
Farmer Field Schools – 2nd Round	Times	642	500	78%	500	10 840	5%
Farmer Record Books	Unit	36 777	17 751	48%	24 132	271 225	9%
Farmer to farmer sharing forums	Times	1 878	314	17%	390	8 670	4%
Cross Village Visits	Times	421	215	51%	231	1 850	12%
Monthly Extension Review Meetings	Times	955	384	40%	439	4 440	10%
Prizes – Extension agents per District	Person	477	17	4%	34	2 220	2%
Prizes – Farmers	Person	2 680	112	4%	144	16 240	1%
Seed Storage for Farming Enterprises	Drum	12 039	1 009	8%	1 326	84 375	2%
Equipment Demonstration	Unit	5 520	330	6%	493	21 680	2%
Demonstrations	Times	236	20	8%	28	740	4%
Sub-component 1.2							
NPIU							
Basic Training for Facilitation of Value Chain (Banten Province and Central Java)	Person	60	20	33%	-	420	0%
DPIU							
Initial value chain mapping	District	23	2	9%	5	30	17%
Value Chain Validation	Workshop	18	-	0%	1	30	3%
Up-dated Value Chain Mapping	Study	5	-	0%	-	60	0%
Value Chain Facilitation	Events	122	1	1%	2	300	1%
Sub-component 1.3							
Training for Staff of Financial Institutions	events	1	1	100%	1	17	6%
OJK working group meeting (module finalization)	package	1	1	100%	1	12	8%

		Period: to	2019		Cumulative	Appraisal	
Indicator	Unit	AWP&B	Actual	%	Actual	Target	%
Printing of revised training modules	package	1	1	100%	1	4	25%
Training for central / regional project staff	event	1	1	100%	1	4	25%
Training for Extension Workers and farmer group leaders	events	9	1	11%	1	264	0%
Programme Management							
International Consultant	Package	4	3	75%	3	4	75%
National Consultant – Package (Farming System/Seed Specialist, Extension Specialist, Value Chain Specialist, Rural Finance Specialist)	Package	1	-	0%	-	1	0%
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	1	100%	1	1	100%
Knowledge Management Seminar	Package	1	-	0%	-	5	0%
revision of IPDMIP{ manual	Package	1	1	100%	1	1	100%
Forum for consolidation of AWPB & Procurement	events	1	1	100%	3	6	50%
Forum for consolidation of the IPDMIP mid year report	events	2	1	50%	3	6	50%
IPDMIP Coordination Workshop	events	1	1	100%	3	6	50%
Vehicle operational main-tenance	package	4	4	100%	12	24	50%
IPDMIP Coordination Forum with Central Java and Banten provinces	events	2	1	50%	3	12	25%
Procurement – 2 wheel vehicles	package	2	2	100%	2	2	100%

Indonesia

Integrated Participatory Development and Management of the Irrigation Sector Project

Supervision Report

Appendix 3: Compliance with legal covenants: status of implementation

Mission Dates: 31 October - 15 November 2019
Document Date 22/01/2020
Project No. 1100001706
Report No. 5281-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 04/04/2019	
Section 7.05 General Conditions	Procurement in accordance with Gol 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	2018 FS submitted on 20 February 2019	
Section 9.03 General Conditions	Submission of Audit report to IFAD 6 months after the financial year	On-going	Audit Report for 2018 submitted on 28 June 2019	