

## Indonesia

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### **Integrated Participatory Development and Management of the Irrigation Sector Project**

### **Partial Supervision Report**

Mission Dates: 30/11/2020 - 14/12/2020  
Document Date: 25/01/2021  
Project No. 1100001706  
Report No. 5661-ID

Asia and the Pacific Division  
Programme Management Department



## Abbreviations and Acronyms

<b>ADB</b>	Asian Development Bank
<b>APBD</b>	Anggaran pembangunan dan belanja daerah / the local government's budget allocation
<b>AWPB</b>	Annual Work Plan and Budget
<b>Bangda</b>	Bina Pembangunan Daerah /DG Regional Development of Ministry of Home Affairs (MoHA)
<b>BAPPEDA</b>	Badan Perencanaan Pembangunan Daerah / Regional Development Planning Agency
<b>BAPPENAS</b>	Badan Perencanaan Pembangunan Nasional / National Development Planning Agency
<b>BBI</b>	Balai Benih Induk / Central Seed Agency
<b>DI</b>	Daerah Irigasi / Irrigation Schemes
<b>DIPA</b>	Daftar Isian Pelaksanaan Anggaran - Budget Implementation Entry List
<b>DP</b>	Development Partners
<b>DPIU</b>	District Project Implementing Unit
<b>DWRI</b>	Directorate of Water Resources and Irrigation
<b>EUR</b>	Euro
<b>FA</b>	Financing Agreements
<b>FEW</b>	Field Extension Worker
<b>FFS</b>	Farmers Field School
<b>FG</b>	Farmer Groups
<b>FiA</b>	Finance Assistant
<b>FO</b>	Finance Officer
<b>FY</b>	Financial Year
<b>Gol</b>	Government of Indonesia
<b>HYV</b>	High Yielding Varieties
<b>IAAEHRD</b>	Indonesia Agency for Agricultural Extension and Human Resource Development (of MoA)
<b>IDR</b>	Indonesian Rupiah
<b>IFR</b>	Interim Financial Report
<b>KMC</b>	Knowledge Management Centre
<b>LiDAR</b>	Light Detection and Ranging
<b>MoA</b>	Ministry of Agriculture
<b>MoHA</b>	Ministry of Home Affairs
<b>MoPWH</b>	Ministry of Public Works and Housing
<b>MTR</b>	Mid-Term Review
<b>NPHD</b>	naskah perjanjian hibah daerah / on-granting agreements
<b>NPIU</b>	National Project Implementation Unit
<b>NPMU</b>	National Project Management Unit
<b>PIM</b>	Project Implementation Manual
<b>PP</b>	Procurement Plan
<b>PPIU</b>	Provincial Project Implementing Unit
<b>PPL</b>	Petugas Penyuluh Lapangan / Extension Workers or Field Staff
<b>PU</b>	Kementerian Pekerjaan Umum / Ministry of Public Works and Housing (MoPWH)
<b>RBL</b>	Result Based Lending

<b>RPJMN</b>	Rencana Pembangunan Jangka Menengah Nasional/Medium Term Development Planning
<b>SCG</b>	Savings and Credit Groups
<b>ToT</b>	Training of Trainers
<b>TPM</b>	Tenaga Pendamping Masyarakat / Village facilitators
<b>WG</b>	Working Group
<b>WUA</b>	Water User Associations

## A. Project Overview

Region:	Asia and the Pacific Division	Project at Risk Status:	Potential 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:	08/10/2020
Signing Date:	13/02/2017	Date of Last SIS Mission:	14/12/2020
Entry into Force Date:	13/02/2017	Number of SIS Missions:	7
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:	30/11/2020 - 14/12/2020
Days in the field:	2 – Remote supervision due to COVID-19 restrictions, however the Country Director spent 2 days in the field
Mission composition:	Ivan Cossio, Country Director; Nicolas Syed, Programme Officer and Mission leader; Muhammad Iskandar, CPA; Anthony Ryan, Farming Systems Specialist; Lilis Suharti, Financial Management Specialist; Kemal Pasha, Procurement Specialist
Field sites visited:	Country Country Director visited 2 districts: Pandeglang district in the Banten province, and to the Sukabumi district, West Java province. Remote discussions were held with 18 different provinces and districts

## B. Overall Assessment

Key SIS Indicator #1	Ø	Rating	Key SIS Indicator #2	Ø	Rating
Likelihood of Achieving the Development Objective		4.0	Assessment of the Overall Implementation Performance		3.75

<b>Effectiveness and Developmental Focus</b>	<b>4</b>	<b>Project Management</b>	<b>4</b>
Effectiveness	3	Quality of Project Management	4
Targeting and Outreach		Knowledge Management	
Gender equality & women's participation		Value for Money	
Agricultural Productivity	5	Coherence between AWPB and Implementation	4
Nutrition		Performance of M&E System	4
Adaptation to Climate Change		Social, Environment, and Climate Standards requirements	

<b>Sustainability and Scaling-up</b>		<b>Financial Management and Execution</b>	<b>4</b>
Institutions and Policy Engagement		Acceptable Disbursement Rate	2
Partnership-building		Quality of Financial Management	3
Human and Social Capital and Empowerment		Quality and Timeliness of Audit	5
Quality of Project Target Group Engagement and Feedback		Counterparts Funds	3
Responsiveness of Service Providers		Compliance with Loan Covenants	4
Environment and Natural Resource Management		Procurement	4
Exit Strategy			
Potential for Scaling-up			

<b>Relevance</b>	<b>5</b>
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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 in December 2015. The total project financing is USD 1.679 billion, consists of an IFAD loan (No. ID-1445) of EUR 93.15 million (USD 103 million), an IFAD grant (No. ID-1446) of EUR 1.41 million (USD 1.6 million), an ADB loan of USD 600 million, and government contribution of about USD 979 million from the national programme on irrigation rehabilitation.

The IFAD Financing Agreement entered into force in February 2017 with 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 activities are managed at the sub-national level. Funds are channelled from national government to the province and district governments using an on-granting mechanism.

The Project has four components: **C1:** Strengthened Policy and Institutional Frameworks for Irrigated Agriculture; **C2:** Improved Irrigation System Management; **C3:** Improved Irrigation Infrastructure; **C4:** Increased Irrigated Agricultural Incomes. The IFAD loan finances activities under C4 led by the Ministry of Agriculture (MoA) and the IFAD grant supports policy activities led by the Ministry of National Development Planning (Bappenas) under C1. 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) and includes the Ministry of Home Affairs (MoHA) as an implementing agency.

During the last supervision held in May-June 2020, IFAD, MoA and Bappenas discussed three scenarios for project restructuring, and agreed on the content and amounts of Scenario-3. It was also agreed that IFAD would undertake another mission in early December 2020 where the proposed restructuring under Scenario 3 would be reassessed.

In this context, IFAD, MoA and BAPPENAS have undertaken a remote partial supervision from the 30 November to the 14 December, focussing only on the MoA activities, in order to assess the progress made against the targets agreed upon during the last supervision.

The main objective of this remote mission is to reassess the Scenario 3, in order to make the most convenient decisions regarding the project restructuring. The specific objectives of the mission include:

- Review the project's progress and performance towards achieving the project objectives and results, in light of Scenario 3 agreed in the May-June 2020 Supervision.
- Follow-up on the implementation of recommendations of the supervision mission held in May-June 2020 and on other discussions and agreements reached between IFAD and MoA.
- Agree on concrete actions to accelerate the implementation of project activities, including the staffing and configuration of the National Project Management Unit at MoA and, if relevant, a revision of the current implementation arrangements.

The supervision kick-off meeting held on the 2 December, and the wrap-up meeting held on the 14 December, were both chaired by the Director of Food Security and Agriculture, Bappenas. During the course of the remote supervision, the IFAD team held several meetings with representatives from MoA, Bappenas, MoF, and with the representatives of 18 different local Agriculture Agencies (Dinas Pertanian/TPH).

The IFAD Country Director undertook two one-day field visits to the Pandeglang district in the Banten province, and to the Sukabumi district, West Java province, in the context of this mission.

### Key Mission Agreements and Conclusions

**Increase focus on the value chain (VC) activities and financial literacy trainings.** While the progress of the implementation of the farming systems activities is commendable, more focus has to be given to supporting the transition from subsistence farming to farming as a business, in line with the Government's *Korporasi Petani*<sup>[1]</sup>. As such, it is of critical importance that the project expedite the implementation of the activities related to VC and financial literacy.

This implies providing better support to those activities and providing further incentives to the DPIUs that have shown an interest in implementing the VC activities. In fact, IFAD strongly suggests to limit the VC support only to the districts that have allocated sufficient budget to implement them. Furthermore, the districts in Java could envisage focussing more on post-harvest improvements for their rice crops. This does not imply that districts should exclude working on other, high value, crops if there is scope to generate additional income by improving the post-harvest processing of those crops.

Budget availability at national and sub-national level remains an important limiting factor with regards to the implementation of VC activities. In fact the AWPB allocation for SC 4.2 is significantly inadequate, while the initial budget of EUR 210 000 for the FL trainings is only 5% of the annual budget required to reach the FL targets.

In this context, IFAD urges MoA, MoF and the DPIUs to revise their budget allocations and ensure sufficient budget for the VC and FL activities.

**Ensure sufficient budget for the On-granting officers for 2021.** The on-granting officers seem to be playing an important role in facilitating the on-granting process. IFAD suggests that the NPIU ensure sufficient budget is allocated in the 2021 AWPB to keep the on-granting officers on board until the end of 2021, and include a budget allocation for trainings.

**Studies for the IFAD MTR.** In preparation for the 2021 MTR, IFAD suggests that the NPIU mobilise service providers to undertake a number of studies that should be finalised no later than June 2021:

One study should focus on the adoption of technologies promoted by the project in addition to an analysis of yield trends. A survey of reliable and consistent IPDMIP farmer yield and adoption data should be undertaken, ideally including a representative sample of IPDMIP farmers and a control group from each district, covering wet and dry season yields.

IPDMIP was designed around the integration of irrigation rehabilitation and agricultural, based on the understanding that improved access to water would also lead to improved yields. In this context, IFAD suggests to undertake a mapping exercise to identify the areas where there has been an overlap of rehabilitation and agricultural support activities. This will also help to better identify the potential drivers behind changes in yields.

A second set of studies and surveys should focus on other outcomes and achievements, including data on (i) type and terms of land use title of FFS farmers (full ownership, lease, rent etc); (ii) cropping (land use) intensity; (iii) a qualitative analysis on the impact of the financial literacy trainings; (iv) effective outreach. The surveys should also collect data on relevant indicators in the project LogFrame.

**Potential extension of the completion and closure dates** Following the assessment of the performance, IFAD, MoA and Bappenas agree that the project is finally gaining momentum. However, this momentum was significantly hampered by the COVID-19 crisis. In this context, MoA and Bappenas have agreed to request for a 2 year extension to give the opportunity to the project to achieve most of its objectives.

The full set of agreed actions is presented below.

Actions	Responsibility	Deadline
<b>Ensure sufficient budget is allocated for the implementation of the value chain and financial access activities</b> Include sufficient budget for the implementation of VC and FL activities in the 2021 AWPB and on-granting allocations	MoA – NPIU and DPIUs	Dec 2020
<b>Ensure sufficient budget for the On-granting officers for 2021.</b> Include enough budget for the full 12 months of 2021 for the on-granting officers.	NPIU	Dec 2020
<b>Study on adoption rates and yields increases.</b> Commission a study to analyse the adoption rates and yield increases following the delivery of FFS trainings	NPIU	February 2021
<b>Mapping of the irrigation and agricultural activities</b> The NPIU should generate a map of the areas where the irrigation rehabilitation areas and overlap with the agriculture support activities. This can be done with support from MoPWH and Bappenas/KMC	NPIU/NPMU/KMC	March 2021



<b>Mid-line study to feed into MTR</b>  The NPIU should commission a mid-line study to feed into the MTR analysis. The study should include data on, but not limited to: on (i) type and terms of land use title of FFS farmers (full ownership, lease, rent etc); (ii) cropping (land use) intensity; (iii) a qualitative analysis on the impact of the financial literacy trainings; (iv) effective outreach	NPIU	February 2021
<b>Extension request</b>  The NPIU should request a 2 year extension to take into account the delays caused by the COVID-19 pandemic	NPIU	April 2021
<b>Recruitment of three Regional Procurement Officers</b> to coordinate and responsible for procurement at PPIU & DPIU.	NPIU and consultants	January 2021
<b>Procurement Manual</b>  Translate and disseminate the procurement manual in Bahasa Indonesia and provide trainings to sub-national procurement officers	NPIU	February 2021
<b>IFR submission</b>  To submit quarterly IFR	Ministry of Agriculture & Min of Public Work	45 days after end of each quarter
<b>Audit report 2019</b>  To follow up the findings and refund the ineligible expenditure to project DAs	Ministry of Agriculture & Bappenas	March 2021
<b>GOI and Beneficiary contribution</b>  To include the in-kind contribution from the government and contribution from the beneficiaries in the project report	Ministry of Agriculture	March 2021

[1] Farmers Corporation

## D. Overview and Project Progress

**Overall implementation status and progress is rated as moderately unsatisfactory (3).** Following the supervision held in May 2020, the project implementation units at national and sub-national level have continued to make important improvements with the implementation of project activities. In this context, the progress of the implementation since the last supervision is considered moderately satisfactory. Nonetheless, despite these improvements the overall project implementation status is moderately unsatisfactory.

Using the level of expenditures as a proxy to assess progress in implementation, it is clear that there has been significant improvements in 2020 compared to previous years, although the COVID-19 pandemic has had an important impact. In fact, while the 2020 annual expenditures amount to approximately EUR 5.6 million, EUR 4.9 million were recorded in the 7 months between June and December 2020, compared to EUR 700,000 between January and May 2020. It's fair to say that the implementation of activities in the early months of 2020 was hampered by the COVID-19 pandemic.

Despite this improvement the overall implementation performance, using the level of expenditures as a proxy, remains very low. In fact the cumulative expenditures against the IFAD loan amount to EUR 11.1 million, which represents only 12% of the total loan amount, while 63% of the implementation period (46 out of 73 months) has elapsed.

The analysis of the physical implementation estimates paints a similar picture. While the annual physical achievement rate is improving, standing at 67% of the AWPB targets in 2020, the cumulative physical achievement remains low at an estimated at 31% of the original design targets.

**Sub-Component 4.1 Improve Farm Productivity and Services.** Despite the impact of COVID 19 on implementation of IPDMIP, the strong commitment and growing confidence of project and extension staff at district and sub-district levels and the enthusiasm of farmers to engage with IPDMIP technical support has meant implementation momentum has been maintained. Seeds and Farming Farm Schools (FFS) equipment budget were allocated but the reduced number of participants due to social distancing requirements has meant delays and some FFS not in synch with planting seasons.

Delivery of FFS and other technology transfer activities to project villages continues to expand. In fact, the preparatory activities of additional extensions officers (PPL) recruitment and PPL training have been largely completed with 388 new PPL staff recruited, and 157 trainings to lead farmers delivered, allowing FFS delivery to expand. In fact, from January to November 2020, 2 295 FFS had been delivered, of which 1 987 were delivered between June and November 2020. In comparison, in 2019 the project delivered 2 298 FFS across the 12 months of implementation.

As mentioned in previous IFAD supervisions, the impact of the FFS seem to be positive, with evidence of potential increases in yields. While analysis of yield data presented to the mission shows some evidence of progress, the data sources are mixed, with the baseline data taken at farmer level, while the current 2019 and 2020 data has been sourced from the FFS plots. Furthermore, rice yields vary across the participating IPDMIP districts because of several factors, including variable access to quality seed, and different agro-ecological environments.

Nonetheless evidence suggests that, compared to the 2018 baseline, yields outside Java have increased in a range of around 20% - 35%, except in NTT, while yield increases on Java have been more modest at 10-11%.

*E-extension, E-Learning and Kostratani.* During the course of the last supervision, it was agreed that the Farming systems sub-component would include the implementation of the *Kostratani* initiative, which includes equipping one national, 12 provincial, 72 district and 571 sub-district agricultural centres with ICT material to allow for the provision of digital extension services and information from central to sub-district level. The project is expected to have purchased and delivered the equipment for 346 agricultural centres by December 2020.

E-learning is proving to be very effective, especially for the training of the PPLs in COVID times. For example, the financial literacy trainings covering household finances and crop financing mechanisms have been delivered to 270 PPLs in 3 locations using E-learning delivery in 2020.

The next step in the introduction of remote learning and technology transfer will be E-extension to support PPLs with fresh knowledge, messages and skills. This will require PPLs to be equipped with the appropriate digital packages and internet access as well as adequate knowledge management (KM) services at national level to prepare audio and video training material.

As a result of IPDMIP investment in Kostratani, and the inevitability of E-extension development, there is a clear opportunity for IPDMIP and IFAD to lead the way by piloting development of E-extension, improve extension content and farmer outreach. PPLs can be provided with resource material (audio and video) to enhance FFS and other work. IPDMIP and Kostratani can help with the establishment, equipping and training a KM centre in AAEHRD. Otherwise, the risk is the Kostratani investment will simply be used to strengthen national management capability – an important outcome but by itself, but not sufficient to justify the investment.

**Sub-Component 4.2 Improve Market Access and Services.** Progress under sub-component 4.2 remains extremely low, with very few activities implemented. Two factors have played an important role in the limited progress, namely (i) delays in recruitment of both the International Value Chain Adviser (VCA) and the 7 Regional Value Chain consultants (VCC), and (ii) a generally limited understanding at all levels of what VC based market access development really means – which has in turn resulted in some confusion about the sub-component, and a resulting lack of confidence at all levels on how to proceed with implementation.

The fielding of the VCA and VCC in 2020 has improved the clarity of direction and increased implementation momentum. There have been 3 areas of focus for VC activities to date – preparation of: (i) Value Chain Compendium; (ii) VC training modules; and (iii) VC mapping.

The VC compendium is intended to be a relevant reference document for regional consultants and district staff. The Compendium has been completed, peer reviewed, translated and presented to 7 Regional VC consultants who found the document to be helpful but not quite practical. As a result, the Compendium will be revised in early 2021. This will be an important process to ensure that the document has value to district VC teams as well as national staff and regional consultants.

The training modules have been prepared by the Training adviser in 2019. They were extensively amended by the VC team in 2020 and it is expected that this process will continue during 2021. The mission notes that there is no formal feedback process from trainees on the quality, relevance, and interest of the module contents. Furthermore, trainings have been delivered to over 300 trainees (20% women) in 6 provinces. Looking ahead, there are opportunities to modernize the delivery of training by linking with the *Kostratani* funded digital equipment provided at local levels

The VC mapping has begun in a limited number of locations and covering the preparation, identification of opportunities and support needs as well as linkages to facilitation needs. VC mapping workshops have been undertaken in 8 districts,

with 3 mapping exercises completed (15% of attendees were women). These workshops were supported by the Regional VC consultants, and district staff are beginning to “request” VC assistance with specific proposals from 15 districts in South Sumatra, West Sumatra and NTT. Districts are not only requesting help with rice VCs, but with other important crops including maize, chillies, banana, and vegetables. All of these districts will undertake VC activities funded by IPDMIP in 2021.

In broad, simplified terms, there are 3 ways for farmers to increase their incomes from farming activities: (i) reduce production costs; (ii) improve yields and increase the volume of produce sold, and (iii) reduce post-harvest losses and increase the value of the products sold.

In the case of IPDMIP, if there is scope to reduce costs, this will be covered by the FFS where improved agricultural practices can lead to reductions in production costs. Furthermore, the data collected by the project on yield improvements have confirmed that the scope for improving yields in Java is lower, on average, than in provinces and districts outside Java. In this context, IFAD believes that there are more opportunities for farmers in Java to increase incomes by reducing post-harvest losses and while continuing to strive for those marginal improvements in yields.

In this context, IFAD suggests that the districts in Java explore the possibility of focussing the VC activities on post-harvest improvements for their rice crops. This does not imply that districts should exclude working on other crops, such as *palawija* and high value crops, if there is scope to generate additional income by improving the post-harvest processing of those crops.

**3 Improve Financial Access.** The implementation of the financial access activities, particularly the financial literacy (FL) trainings, was looking very promising in early 2020. In fact, 2019 had seen the completion of the all the preparatory activities, and the NPIU was ready to roll-out the FL trainings. In agreement with IFAD, the NPIU was looking to train 270 PPL and 4 320 lead farmers and their spouses to be trainers, and subsequently provide the FL trainings to 11 850 people, for a total of 16 440 people.

However, due to budget constraints resulting from the low allocation of budget to the project, and the failure to obtain a top-up in 2020, the project was only able to provide training of trainers (ToT) to 270 PPL, 1 080 lead farmers and spouses and 4 320 people. This represents only 34.5% of the 2020 target.

There is a high risk of a similar situation occurring in 2021, as the budget allocated for NPIU activities, and the FL trainings, is the same as the budget allocated in 2020. In fact, given the limited budget the initial plan for the first quarter of 2021 is to train the remaining 570 PPL and the remaining 3 240 lead farmers and their partners in the 270 villages targeted in 2020. Once these training of trainers are completed, there will be sufficient budget to train only 712 additional people.

Although the ToT to the lead farmers also benefits them in terms of acquiring financial literacy skills, the scope of the FL trainings is seriously limited by the lack of budget. It is estimated that the FL trainings will require a total amount close to EUR 4 million, while the current allocation is just above EUR 210 000.

**Progress against September 2021 targets.** According to the data provided by the NPIU, the project seems to be on track to achieve the target number of FFS conducted. In fact, the agreed target was of 3 820 FFS conducted between July 2020 and September 2021. Currently, 1 987 FFS have been conducted from June to November 2020, representing 52% of the agreed target.

Similarly, the target for the number of BPPs equipped and operational is on track to be achieved, with 346 BPPs out of 459 already operational, representing 75% of the target.

With regards to the FL however, the project is very much behind, considering that only 34% of the 2020 target was achieved, representing only 8% of the total target of 69 540 people trained.

Finally, the target for expenditures was somewhat ambitious, with the expectation that EUR 17 million would be spent between June and September 2021. In fact, between June and December, about EUR 4.9 million was spent representing 29% of the target.

Following the mission, it was agreed that the target would be EUR 17 million of cumulative expenditures as of September 2021. Considering that the cumulative expenditures as of December 2020 are expected to reach EUR 11.1 million, the project would still need to spend EUR 5.9 between January and September 2021. Given the current performance, it is fair to believe that the target of EUR 17 million can be reached by September 2021, however this would still only represent 18% of the IFAD loan.

<i>Agreed Action</i>	<i>Responsibility</i>	<i>Agreed Date</i>
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<b>Undertake Value Chain mappings</b>  Undertake rice VC mappings in order to adequately plan for VC support activities in 2020	NPIU and Dinas MoA	12/2019
<b>Sub-Component 4.2 Undertake VC trainings in concomitance of FFS sessions</b>  Undertake VC trainings in concomitance of FFS sessions	NPIU/DPIU	01/2020
<b>Sub-component 4.1 Intensifying farming systems activities</b>  (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
<b>Financial literacy trainings</b>  Provide quality financial literacy ToT for the first 270 FEW and to the first 4,320 heads of FG and households	NPIU and DPIU	12/2020
<b>Ensure sufficient budget is allocated for the implementation of the value chain and financial access activities</b>  Include sufficient budget for the implementation of VC and FL activities in the 2021 AWPB and on-granting allocations	MoA – NPIU and DPIUs	12/2020
<b>Ensure sufficient budget for the On-granting officers for 2021</b>  Include enough budget for the full 12 months of 2021 for the on-granting officers.	NPIU	12/2020
<b>Recruitment of three Regional Procurement Officers</b>  Recruitment of three Regional Procurement Officers to coordinate and responsible for procurement at PPIU & DPIU.	NPIU and consultants	01/2021
<b>Mid-line study to feed into MTR</b>  The NPIU should commission a mid-line study to feed into the MTR analysis. The study should include data on, but not limited to: on (i) type and terms of land use title of FFS farmers (full ownership, lease, rent etc); (ii) cropping (land use) intensity; (iii) a qualitative analysis on the impact of the financial literacy trainings; (iv) effective outreach	NPIU	02/2021
<b>Procurement Manual</b>  Translate and disseminate the procurement manual in Bahasa Indonesia and provide trainings to sub-national procurement officers	NPIU	02/2021
<b>Mapping of the irrigation and agricultural activities</b>  The NPIU should generate a map of the areas where the irrigation rehabilitation areas and overlap with the agriculture support activities. This can be done with support from MoPWH and Bappenas/KMC	NPIU/NPMU/KMC	03/2021

<b>IFR submission</b> To submit quarterly IFR	Ministry of Agriculture & Min of Public Work	03/2021
<b>Audit report 2019</b> To follow up the findings and refund the ineligible expenditure to project DAs	Ministry of Agriculture & Bappenas	03/2021
<b>GOI and Beneficiary contribution</b> To include the in-kind contribution from the government and contribution from the beneficiaries in the project report	Ministry of Agriculture	03/2021
<b>Extension request</b> The NPIU should request a 2 year extension to take into account the delays caused by the COVID-19 pandemic	NPIU	04/2021

## E. Relevance

<b>Relevance</b>	<b>Rating: 5</b>	<b>Previous rating: 5</b>
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### Justification of rating

The relevance of the project is rated as satisfactory. In fact, the current design is mostly consistent with the needs of the target groups as well as IFAD and Government policies and national priorities. In particular, the project is contributing substantially to the objective of the Government of Indonesia to improve the productivity of food crops. The relevance of the project is also highlighted by the important buy-in and involvement of the beneficiaries, and by the fact that most of the local governments of the targeted districts are actively allocating and pre-financing project activities.

## F. Agreed Actions

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Overview and Project Progress</b>		
<b>Undertake Value Chain mappings</b> Undertake rice VC mappings in order to adequately plan for VC support activities in 2020	NPIU and Dinas MoA	12/2019
<b>Sub-Component 4.2 Undertake VC trainings in concomitance of FFS sessions</b> Undertake VC trainings in concomitance of FFS sessions	NPIU/DPIU	01/2020
<b>Sub-component 4.1 Intensifying farming systems activities</b> (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

<b>Financial literacy trainings</b>  Provide quality financial literacy ToT for the first 270 FEW and to the first 4,320 heads of FG and households	NPIU and DPIU	12/2020
<b>Ensure sufficient budget is allocated for the implementation of the value chain and financial access activities</b>  Include sufficient budget for the implementation of VC and FL activities in the 2021 AWPB and on-granting allocations	MoA – NPIU and DPIUs	12/2020
<b>Ensure sufficient budget for the On-granting officers for 2021</b>  Include enough budget for the full 12 months of 2021 for the on-granting officers.	NPIU	12/2020
<b>Recruitment of three Regional Procurement Officers</b>  Recruitment of three Regional Procurement Officers to coordinate and responsible for procurement at PPIU & DPIU.	NPIU and consultants	01/2021
<b>Mid-line study to feed into MTR</b>  The NPIU should commission a mid-line study to feed into the MTR analysis. The study should include data on, but not limited to: on (i) type and terms of land use title of FFS farmers (full ownership, lease, rent etc); (ii) cropping (land use) intensity; (iii) a qualitative analysis on the impact of the financial literacy trainings; (iv) effective outreach	NPIU	02/2021
<b>Procurement Manual</b>  Translate and disseminate the procurement manual in Bahasa Indonesia and provide trainings to sub-national procurement officers	NPIU	02/2021
<b>Mapping of the irrigation and agricultural activities</b>  The NPIU should generate a map of the areas where the irrigation rehabilitation areas and overlap with the agriculture support activities. This can be done with support from MoPWH and Bappenas/KMC	NPIU/NPMU/KMC	03/2021
<b>IFR submission</b>  To submit quarterly IFR	Ministry of Agriculture & Min of Public Work	03/2021
<b>Audit report 2019</b>  To follow up the findings and refund the ineligible expenditure to project DAs	Ministry of Agriculture & Bappenas	03/2021
<b>GOI and Beneficiary contribution</b>  To include the in-kind contribution from the government and contribution from the beneficiaries in the project report	Ministry of Agriculture	03/2021
<b>Extension request</b>  The NPIU should request a 2 year extension to take into account the delays caused by the COVID-19 pandemic	NPIU	04/2021
<b>Project Management</b>		

<b>Knowledge Management Product</b>  The project need to start generating lessons learned and best practices and start documenting the project experience for sharing purposes. These documentation should be shared regularly to the main stakeholders (BAPPENAS, MoF, MoA).	NPIU, NPMU, KMC	03/2020
<b>Deploy ICT equipment to the FEW</b>  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
<b>Coordination with KMC on knowledge product development and policy dialogue event</b>  1. To work closely with KMC and share regularly any findings, lessons and good practices from the field, where KMC can support the development of KM product and the dissemination to wider audience. 2. To organise any kind of policy dialogue event based on evidence and findings from the field.	NPIU, KMC	12/2020
<b>Hire M&amp;E officer/assistant at DPIU/PPIU</b>  To hire dedicated person to be placed at DPIU/PPIU to support data collection, verification and reporting	NPIU/DPIU	12/2020
<b>Financial Management &amp; Execution</b>		
<b>Budget reallocation for 2019 and 2020</b>  To reallocate on granting budget amongst provinces and district to accommodate the reimbursement request at end of 2019	MoA, MPW & MoF	11/2019
<b>Counterpart funds</b>  To include staff cost and support cost from national and sub national level for the counterpart funds on going as per the ORM report 2020 Jan	MoA	12/2019
<b>Organisation and Staffing</b>  To recruit 23 on granting officers to support PPIU and DPIU in on granting related activities	MoA	12/2019
<b>On Granting Budget revision for 2020</b>  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
<b>Fund Flow</b>  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

<b>Budget reallocation for 2020</b>  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
<b>Financial Reporting &amp; Monitoring</b>  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
<b>Improvement of Project Procurement Management</b>  Procurement Monitoring System available in place and updated (to monitor progress of procurement plan).	NPIU	04/2020
<b>Staffing on Project Procurement</b>  <ul style="list-style-type: none"> <li>• Recruit Contract and Procurement Specialist</li> <li>• Recruit three or more Contract Management Officers to coordinate and responsible for procurement at PPIU &amp; DPIU.</li> </ul>	NPIU	07/2020
<b>To recruit additional finance consultant to be stationed at NPMU office to provide support on the reimbursement process</b>	MoA	07/2020
<b>To finalize the recruitment of the on granting officers to support PPIU and DPIU in on granting related activities</b>	MoA	07/2020
<b>To revise AWPB 2020 to accommodate COVID 19 constraint, accelerate the implementation</b>	MoA	07/2020
<b>To include staff cost and support cost from national and sub national level for the counterpart funds and to include beneficiary contribution in the financial report</b>	MoA	07/2020
<b>To process budget TOP UP and reallocation for on granting of 2020</b>	MoA, MPW & MoF	07/2020
<b>To initiate and submit AWPB 2021 and allow it to be included in the budgeting process for subnational on time</b>	MoA & MPW	07/2020
<b>To speed up reimbursement process for the expenditure of 2019</b>	MoA, MoF	07/2020
<b>To activate ICP</b>	MoA, MoF, MPW	07/2020
<b>submit the next WA (Justification ) with recovery of the ineligible expenditures</b>	Project and MOF	07/2020
<b>Collect IDR 2 218 160 from provider as late fee for late delivery of purchased goods</b>  Bappenas will need to coordinate with the provider to discuss a late delivery fee of IDR 2 218 160 and deposit such amount to the State Treasury in IFAD special Grant account.	Bappenas	08/2020



<b>Returns of IDR 2 152 000 overpayment of travel duty to State Treasury</b>  The overpayment need to be returned to the State Treasury in the special IFAD Grant Account	PPK	08/2020
<b>To submit the audit report of 2019</b>	MoA	09/2020
<b>Improvement the Contract Management and Documentation</b> <ul style="list-style-type: none"> <li>• Contract monitoring using ICP <ul style="list-style-type: none"> <li>o Managing all aspects of the contracting process</li> <li>o Managing contract deliverables and KPIs</li> <li>o Tracking performance and contractor payments</li> <li>o Managing specific schedules and timelines</li> </ul> </li> <li>• Record management referred to GoI Archived Regulation</li> <li>• Record management using Dynamic Filing Information System (SIKD)</li> <li>• Recruit archivist functional staff or outsourcing</li> </ul>	Project Manager / Procurement Specialist	10/2020
<b>To submit quarterly IFR</b>	Ministry of Agriculture & Min of Public Work	02/2021
<b>To follow up the findings and refund the ineligible expenditure to project DAs</b>	Ministry of Agriculture & Bappenas	03/2021
<b>Recruitment of FM consultants for local governments</b>  Recruit and deploy FM consultants for provinces/districts	NPIU	

## **Indonesia**

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### **Integrated Participatory Development and Management of the Irrigation Sector Project**

#### **Partial Supervision Report**

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

Mission Dates: 30/11/2020 - 14/12/2020  
Document Date: 25/01/2021  
Project No. 1100001706  
Report No. 5661-ID

Asia and the Pacific Division  
Programme Management Department



## Appendix 5: Terms of Reference for Consultants and IFAD staff to participate in Partial Supervision Mission to IPDMIP Project, Indonesia

MISSION DETAILS	
<b>Country of Assignment/Location:</b>	Republic of Indonesia
<b>Mission Name:</b>	Partial Supervision Mission of the Integrated Participatory Development and Management of Irrigation Project (IPDMIP, Loan ID- 1445 / Grant ID-1446)
<b>Mission Start Date:</b>	30 November 2020
<b>Mission End Date:</b>	11 December 2020
<b>Division/Department:</b>	Asia and Pacific Division
<b>Reports to (name and title):</b>	Ivan Cossio, Country Director/Hub Head

MISSION COMPOSITION (Team members' full name and specialization)	
<b>Name:</b>	<b>Specialization:</b>
Ivan Cossio	Country Director
Nicolas Syed	Programme Officer (Sub-component 4.3 Rural Finance)
Tony Ryan	Agronomist (Sub-components 4.1 and 4.2)
Lilis Suharti	Financial Management Specialist
Muhammad Iskandar	Programme Analyst
Kemal Pasha	Procurement consultant

MISSION SCHEDULE	
30 November	Mission team meeting
1 December	Kick-off meeting and meeting with PIU
2 – 4 December	Meetings and discussions
8 December	First draft Aide-Memoire shared with NPIU
9 December	Pre-wrap up with NPIU
10 December	AM finalised and shared with all relevant stakeholders
11 December	Wrap-up

Between 1 and 4 December, meetings will be organized by the IFAD Country Office and the MoA NPIU with the following teams/institutions:

Bappenas	Directorate of Agriculture
	Directorate of Irrigation
Ministry of Agriculture	AAEHRD Directorate
	IPDMIP NPIU
	Bureau of International Relations
	Procurement Unit
Ministry of Finance	Directorate of Loan and Grants
	Directorate of Special Transfer Fund
	Directorate of Cash Management
Selected Provinces and Districts	Selected PPIU and DPIU

## **BACKGROUND**

The Government of Indonesia (GOI), International Fund for Agricultural Development (IFAD) and the Asian Development Bank (ADB) have joined together to support the Integrated Participatory Development and Management of Irrigation Project (IPDMIP). The Project aims at meeting the nation's agriculture development targets and achieve rice self-sufficiency. It supports GOI's efforts to overcome constraints and boost agricultural productivity, while also reducing rural poverty, promoting gender equity and enhancing nutrition. IPDMIP increases the value of sustainable irrigated agriculture, thereby improving food security and livelihoods in rural Indonesia. The Project adopts an inclusive targeting approach at the irrigation scheme level benefiting all active farmer.

IPDMIP major expected outputs include: (i) strengthened policy and institutional frameworks for irrigated agriculture; (ii) improved irrigation systems management; (iii) improved irrigation systems infrastructure; and (iv) increased irrigated agricultural incomes. IFAD financing focuses on increasing irrigated agricultural incomes through improvements in farm productivity, market access and financial services, while ADB support aims at improving irrigation system operation, maintenance and water delivery to farmers. IFAD also provides a grant to support strengthened policy and institutional frameworks for irrigated agriculture through the establishment of Knowledge Management Centre (KMC) in BAPPENAS. The Project Financing Agreement was signed and the project became effective on 13 February 2017.

The project covers 74 districts in 16 provinces, where project activities are managed and carried out at sub-national levels through PPIUs and DPIUs. The funds are channelled from national government to province and district governments using an on-granting mechanism. On-granting agreements with the local governments have been signed and became effective in March 2018.

The six-year project is now in the final stages of the fourth year of implementation, but the implementation of the project continues to be slow and challenging. The project has been classified by IFAD as a problem project since November 2019.

During the last supervision mission held in May-June 2020, IFAD, MoA and Bappenas discussed three proposed scenarios for project restructuring, and ultimately agreed on the content and amounts of the restructuring proposed under Scenario-3. This scenario will be the basis for any further discussion on restructuring. It was also agreed that , IFAD will undertake another mission in early December 2020 where the proposed restructuring under Scenario 3 will be reassessed, and it will be decided whether to formalize and implement it as it is presented in this Aide-Memoire, or to make any necessary changes depending on the project performance.

In this context, IFAD, MoA and BAPPENAS will undertake a remote partial supervision mission from the 30 November to the 11 December in order to assess the progress made against the targets agreed upon during the last supervision mission.

## **MISSION OBJECTIVES AND OUTPUTS**

The main objective of this remote mission is to reassess the Scenario 3, agreed by IFAD, BAPPENAS and the Ministry of Agriculture in the last supervision mission held in May-June 2020, in order to make the most convenient decisions regarding the project restructuring. The specific objectives of the mission include:

- (i) Review the project's progress and performance towards achieving the project objectives and results, in light of Scenario 3 agreed in the May-June 2020 Supervision.
- (ii) Follow-up on the implementation of recommendations of the supervision mission held in May-June 2020 and on other discussions and agreements reached between IFAD and MoA.
- (iii) Agree on concrete actions to accelerate the implementation of project activities, including the staffing and configuration of the National Project Management Unit at MoA and, if relevant, a revision of the current implementation arrangements.

The main output of the mission will be an aide-memoire, agreed and signed by BAPPENAS, MOA and IFAD, including:

- (i) An assessment of the progress towards the project targets and in light of Scenario 3 agreed in the May-June 2020 Supervision.
- (ii) An agreement to formalise the project restructuring.
- (iii) Agreed priority actions aimed at improving project performance and accelerating its implementation.
- (iv) An outline of the data and planning needs for the forthcoming MTR mission in 2021.

#### INDIVIDUAL RESPONSIBILITIES, EXPECTED OUTPUTS AND REQUIRED COMPLETION DATES

<b>Full Name</b>	Ivan Cossio
<b>GENERAL DESCRIPTION OF TASK(S) AND OBJECTIVE(S) TO BE ACHIEVED</b>	
<b>Expected Activities:</b>	
The Country Director will play the role of mission leader and will provide overall guidance to the mission. He will lead the discussions with the Government of Indonesia.	

#### INDIVIDUAL RESPONSIBILITIES, EXPECTED OUTPUTS AND REQUIRED COMPLETION DATES

<b>Full Name</b>	Nicolas Syed
<b>GENERAL DESCRIPTION OF TASK(S) AND OBJECTIVE(S) TO BE ACHIEVED</b>	
<b>Expected Activities:</b>	
The Programme Officer will play the role of IFAD Team Leader. He will provide overall leadership, management and coordination to the mission work aiming at improving the pace of implementation of the project. His specific tasks will include:	
<ul style="list-style-type: none"> <li>(i) Review the overall performance of project implementation, with particular focus on current progress and work with the project team on developing the final proposal for the project restructuring.</li> <li>(ii) Review the quality and relevance of the support to be provided under sub-component 4.3 and assess progress against the agreed target for the sub-component</li> <li>(iii) Review the consistency of AWBPs implementation in achieving the expected outputs and outcomes as stated in design documents;</li> <li>(iv) Identify the project implementation issues and challenges and follow it up during mission when applicable;</li> <li>(v) Recommend follow up actions to be discussed and agreed with the government;</li> <li>(vi) Synthesize findings and recommendations, and organize interaction with Government, relevant development partners and stakeholders;</li> </ul>	
<b>KEY PERFORMANCE INDICATORS</b>	
<b>Expected Outputs (please include any travel if applicable):</b>	<b>Required Completion</b>
Aide Memoire/Mission report summarizing findings, recommendations and agreed actions plan	10 December

#### INDIVIDUAL RESPONSIBILITIES, EXPECTED OUTPUTS AND REQUIRED COMPLETION DATES

<b>Full Name of Consultant:</b>	Tony Ryan
<b>Expected Start Date of</b>	30 November 2020
<b>Expected End Date of</b>	11 December 2020
<b>Total number of working days (max. 240 in a 12-month)</b>	12 days

<b>GENERAL DESCRIPTION OF TASK(S) AND OBJECTIVE(S) TO BE ACHIEVED</b>	
<b>Expected Activities:</b> <p>The Senior Agronomist will be responsible assessing the extension support activities under sub-component 4.1 and 4.2. He will assess the implementation progress and the NPIU proposal for the reallocation and re-design of the sub-component.</p> <p>In particular the consultant will undertake the following tasks:</p> <ul style="list-style-type: none"> <li>(i) Review specifically the implementation progress of the sub-component 4.1 and 4.2</li> <li>(ii) Review the quality and relevance of the support to be provided under sub-components 4.1 and 4.2 and assess progress against the agreed target for the sub-components</li> <li>(iii) Recommend follow up actions to be discussed and agreed with the government</li> <li>(iv) Undertake other tasks as agreed with the Team Leader.</li> </ul>	
<b>KEY PERFORMANCE INDICATORS</b>	
<b>Expected Outputs (please include any travel if applicable):</b> (i) provide the relevant inputs to the mission AM and SM report as agreed with the Team Leader; (ii) Provide other inputs as agreed with the Team Leader.	<b>Required Completion</b> 10 December

<b>INDIVIDUAL RESPONSIBILITIES, EXPECTED OUTPUTS AND REQUIRED COMPLETION DATES</b>	
<b>Full Name of Consultant:</b>	Muhammad Iskandar
<b>GENERAL DESCRIPTION OF TASK(S) AND OBJECTIVE(S) TO BE ACHIEVED</b>	
<b>Expected Activities:</b> <p>The IFAD CPA/Procurement specialist will be responsible for assessing and reviewing all aspects related to procurement. His specific tasks will include:</p> <ul style="list-style-type: none"> <li>(i) Brief assessment of project performance related procurement process and ensure its implementation in line with IFAD procedures and project financing agreement and letter to the borrower;</li> <li>(ii) Review the Annual Work Plan and Budget as well as Procurement Plan and its implementation;</li> <li>(iii) Review the effectiveness of project procurement processes both at national and sub-national levels;</li> <li>(iv) Working together with project officer and procurement committee (ULP) to review the procurement packages for the provincial/district management consultants.</li> </ul> <p>Identify any other outstanding procurement problems and issues, and suggest solutions during the mission if applicable</p>	
<b>KEY PERFORMANCE INDICATORS</b>	
<b>Expected Outputs (please include any travel if applicable):</b> Provide input to the Aide Memoire/Supervision Report section on Procurement, as agreed on with the team leader.	<b>Required Completion</b> 10 June

<b>INDIVIDUAL RESPONSIBILITIES, EXPECTED OUTPUTS AND REQUIRED COMPLETION DATES</b>	
<b>Full Name of Consultant:</b>	Lilis Suharti
<b>Expected Start Date of</b>	30 November 2020
<b>Expected End Date of</b>	11 December 2020
<b>Total number of working days (max. 240 in a 12-month)</b>	12 days

## GENERAL DESCRIPTION OF TASK(S) AND OBJECTIVE(S) TO BE ACHIEVED

### Expected Activities:

In addition to the standard financial management checks listed below, the FM specialist will also support the mission in assessing the challenges and bottlenecks related to the on-granting mechanism.

Using the IFAD FMAQ as the basis to collect the relevant information, the Financial Management Specialist (FMS) will assess the strengths and weaknesses of financial management systems, internal controls and financial reporting systems relating to financial management and financial administration of project funds in order to ensure that they satisfy IFAD's fiduciary requirements and comply with the Financing Agreement and LTB.

She will undertake the following **tasks**:

- (i) Based on the reports prepared by the project<sup>1</sup>, review financial performance by expenditure category and component against (i) project design report, (ii) approved AWPBs since project start, and (iii) IFAD's disbursement records. Review the cumulative status of funds by category of expenditure, approved AWPB and outstanding commitments in order to assess the potential requirement for a category reallocation;
- (ii) Comment on the project's budget monitoring system. Review the financial execution of the current AWPB and obtain explanations for significant budget-to-actual variances. Identify actual or potential constraints impacting implementation and rate of disbursement, suggest recommended actions for improvement;
- (iii) Gain an understanding of fund-flows and banking arrangements. Review the operation of the project's designated and other accounts to ensure that the bank reconciliations and DA account reconciliations are correctly prepared on a monthly basis. Validate the closing balances from copies of the bank statement and clarify the status of reconciling items (if any). Note down any pending payments and withdrawal applications still not paid by IFAD. Assess the project's treasury planning; analyse adequacy of DA authorised allocation, with respect to projected expenditure requirements;
- (iv) Review availability of counterpart funds and co-financier contributions, identifying bottlenecks if any;
- (v) Gain an understanding of financial reporting systems, including required reporting to Government (information, periodicity), and whether through IFMIS. Identify accounting standards used and report differences with international standards. Assess timeliness of posting transactions, and ledger/ bank reconciliations. Comment on suitability of the chart of accounts;
- (vi) Specify whether book-keeping for the project is automated or manual. If automated, assess software functionality in producing SOEs, interim financial reports, financial statements and other reports, and whether approved budget is system-posted. Comment on required customisations if any. Assess financial staff ability to operate accounting system, comment on training requirements if any;
- (vii) Verify the status of preparation of the annual financial statements (review draft if relevant for the period).
- (viii) Verify that the value of in kind contributions from government and beneficiaries, if any, are estimated and recorded by the project.
- (ix) Many projects are required to submit Interim Financial Reports to IFAD, as indicated in LTBs. Cross-check the latest IFR (if applicable), with other financial reporting reviewed for the period.
- (x) Assess regularity of WA preparation<sup>2</sup>. On a sample basis, review documentation underlying SOEs prepared since the last field review<sup>3</sup> to verify adequacy, completeness and validity of claims. Perform these checks on a reasonable sample of expenditure items from each category of expenditure, by performing a system 'walk-through'<sup>4</sup>. Document findings on individual SOE items, noting any potentially

<sup>1</sup> as per the formats of Appendix 1 in the Aide-Memoire

<sup>2</sup> WAs should be based on 30% of the advance to the DA or three months of expenditure, whichever comes first

<sup>3</sup> Appendix IV of IFAD's guidance note for FM @ supervision may be referred to. The SOE forms should be used to test the audit trail from AWPB through to payment. A template is available on request for documenting findings of SOE checks

<sup>4</sup> As part of this exercise, the FMS should trace each selected item through the whole audit trail: i) part of the approved AWPB and procurement plan, ii) IFAD non objection (if applicable), iii) Contract/invoice, iv) duly authorized purchase order, v)



ineligible expenditure. Provide recommendations on any internal controls weakness noted during the review, including as related to travel, vehicles/fuel and petty cash. Review asset accounting and management procedures; maintenance of fixed asset register; inventory processes and latest inventory report. Comment on the filing of financial records<sup>5</sup>.

- (xi) The consultant's checks will cover field offices and implementing partners/service providers, as applicable. Review contractual and payment procedures<sup>6</sup>; check contract register, usage of contract monitoring forms, register of advances, ageing analysis; quality and regularity of financial returns and reporting; verify compliance with audit requirements foreseen in contracts/ MOUs, if applicable.
- (xii) Verify project's compliance to legal covenants and General Conditions as regards FM.
- (xiii) Describe internal audit arrangements, including reporting lines, methodology/procedures, audit work plan and status/follow up on past recommendations; availability of IA reports, findings;
- (xiv) Review latest external audit report; assess status of implementation of Auditor's recommendations (Management Letter) and any outstanding ORMS recommended actions relevant to improving quality and timeliness of audit. Verify status of preparation of upcoming audit; if appropriate recommend extending scope of audit to specific implementing entities, physical checks, performance audit, transaction list or other;
- (xv) Assess action taken to address FM related recommendations of previous missions and any outstanding recommended action in ORMS for FM related areas.
- (xvi) Assess the challenges and bottlenecks of the on-granting mechanism at national and sub-national levels and propose recommendations to facilitate and speed up the process.

#### KEY PERFORMANCE INDICATORS

Expected Outputs (please include any travel if applicable):	Required Completion
<ul style="list-style-type: none"> <li>- Aide-Memoire Section IV – Financial Management and Execution – in ORMS format<sup>7</sup>, specifically sub-sections: (i) Disbursement, (ii) Quality of Financial Management and (iii) Counterpart funds.</li> <li>- Any audit finding, other than the observations raised by the Finance Officer (FO) in sub-section (iv) - Quality and Timeliness of Audit, will be communicated separately to the FO and/or integrated in sub-section (ii).</li> <li>- Finalise Appendix 1 of the Aide-Memoire, namely tables: a) financial performance by financiers, b) IFAD financial performance by component and c) IFAD financial performance by expenditure categories and relevant graph.</li> <li>- Updated FMAQ</li> <li>- SOE verification report</li> <li>- Update FO on the status of outstanding recommended actions related to (i) Disbursement, (ii) Quality of Financial Management and (iii) Counterpart funds and (iv) Audit.</li> <li>- The FMS is not directly responsible for the input on (iv) Legal covenants. However any breach for FM aspects should be communicated to the mission leader for consolidation.</li> </ul>	

Accounting software ID number (transaction inserted in the accounting software), vi) verification (documentary and if possible physical) of evidence as applicable that works have been completed, goods delivered/ services rendered in accordance with the contract, vii) verification of payment (bank statement/cash book) and viii) project assets duly reflected in the fixed asset register.

<sup>6</sup> to contractors, service providers and implementing partners

<sup>5</sup> IFAD's General Conditions require accounting records to be maintained for at least ten years after Project Completion Date, in a format and manner which will facilitate audit review as required.

<sup>6</sup> to contractors, service providers and implementing partners

<sup>7</sup> Consultants are expected to use the standard ORMS template to provide: (i) suggested rating, (ii) justification, (iii) narrative and recommended actions, for each FM related areas.

<b>INDIVIDUAL RESPONSIBILITIES, EXPECTED OUTPUTS AND REQUIRED COMPLETION DATES</b>	
<b>Full Name of Consultant:</b>	Mohammad Kemal Pasha
<b>Expected Start Date of</b>	30 November 2020
<b>Expected End Date of</b>	11 December 2020
<b>Total number of working days (max. 240 in a 12-month)</b>	12 days
<b>GENERAL DESCRIPTION OF TASK(S) AND OBJECTIVE(S) TO BE ACHIEVED</b>	
<p><b>Expected Activities:</b></p> <p>In line with Module IV of the IFAD Procurement Manual, the Consultant should carry out the following tasks:</p> <ol style="list-style-type: none"> <li>1) Review the current Procurement Plan in order to assess it has been fully updated and upgraded, ascertain its completeness, its concurrence with the AWPB, and its consistency with the country systems and/or IFAD Procurement Guidelines and Handbook;</li> <li>2) Provide support, advice and recommendations on the following: <ol style="list-style-type: none"> <li>a. The thresholds, ceilings and preferences to be applied in the implementation of procurement under the project;</li> <li>b. The contract types and contractual arrangements for goods, works and consulting services required to implement the projects;</li> <li>c. The proposed methods of procurement;</li> <li>d. The related IFAD review procedures and provide suggestions to improve the overall quality of the procurement processes;</li> </ol> </li> <li>3) Review a minimum sample of 10% of all procurement contracts for compliance;</li> <li>4) Carry out spot checks on past procurement activities and assess the extent these adhere to Government and/or IFAD Procurement Guidelines and Handbook; in particular, verify that the goods, services and works procured correspond with the approved AWPB and Procurement Plan, in terms of quality and quantities;</li> <li>5) Review the procurement, contracting and implementation processes and timeliness and appropriateness of procurement actions;</li> <li>6) Assess contract administration and management procedures;</li> <li>7) Assess the procurement capacity of all entities to be reviewed in terms of manpower, levels of training of procurement staff, work environments and independence of procurement staff to carry out their statutory assignments;</li> <li>8) Conduct specific analysis of value for money (VFM) at all levels and the reasonableness of prices for: <ol style="list-style-type: none"> <li>a. Goods, equipment, etc using available price indicators;</li> <li>b. Civil Works, compared to locally accepted standards and prices; and</li> <li>c. Services compare quality-output to international standards and prices;</li> </ol> </li> <li>9) Determine whether adequate systems are in place for procurement planning, implementation and monitoring, and whether documentation are maintained as per required standards and can be relied upon;</li> <li>10) Verify to the extent possible, whether goods, works and consulting services contracted were supplied/completed according to the required specifications and technical standards;</li> <li>11) Review issues identified in the previous procurement review and aide-mémoire and procurement related issues identified in project audit reports;</li> </ol>	

- 12) Identify deficiencies and make recommendations for improvements and control mechanisms in the procurement procedures and processes;
- 13) Conduct a review of any significant changes in the borrower/recipient's procurement system and practices, and ensure project procurement procedures and systems are updated accordingly;
- 14) Review/update the Procurement Risk Assessment, using the IFAD Procurement Risk Matrix (Module I of the IFAD Procurement Manual);
- 15) Assess further procurement staff training needs and ensure relevant training is planned and provided to project management and procurement staff in a timely manner;
- 16) Submit an assignment report (as per IFAD format), and any other relevant ancillary documents;
- 17) Carry out any other activity, as required by IFAD.

#### KEY PERFORMANCE INDICATORS

Expected Outputs (please include any travel if applicable):	Required Completion
Procurement Risk Matrix with detailing the main section, i.e. 1) ratings for country level and project institutional level indicators; 2) a brief narrative for each indicator and 3) recommendation for risk mitigation actions	10 December

Please note: add further INDIVIDUAL RESPONSIBILITIES, EXPECTED OUTPUTS AND REQUIRED COMPLETION DATES tables as required.

#### DOCUMENTATION

The team leader is responsible for preparing the main report and annexes, and ensuring that the contributions by the individual team members meet the expectations defined in their terms of reference in order to feed the preparation of the main report.