

Indonesia

Smallholder Livelihood Development Project in Eastern Indonesia

Supervision Report

Main report and appendices

Mission Dates: 19 -28 March 2018
Document Date: 19/07/2018
Project No. 1100001509
Report No. 4743-ID

Asia and the Pacific Division
Programme Management Department

Abbreviations and Acronyms

AWPB	Annual Work Plan & Budget
BU	Business Unit
DPMO	District Project Management Office
FY	Financial Year
GOI	Government of Indonesia
IFAD	International Fund for Agriculture Development
M&E	Monitoring and Evaluation
NGO	Non-Government Organization
NPMO	National Project Management Office
PCR	Project Completion Report
PPL	Government Extension Worker
PSME	Project Self Monitored Evaluation
RF	Revolving Fund
SHG	Self Help Group
VF	Village Facilitator

A. Project Overview

Region:	Asia and the Pacific Division	Project at Risk Status:	Not at risk
Country:	Indonesia	Environmental and Social Category:	B
Project Name:	Smallholder Livelihood Development Project in Eastern Indonesia	Climate Risk Classification:	2
Project Id:	1100001509	Executing Institution:	Ministry of Agriculture, Agency for Food Security
Project Type:	Rural Development	Implementing Institutions:	Local Government (additional)
CPM:	Ronald Thomas Hartman		
Project Director:	Ms Diah Chandra Aryani (Project Coordinator)		
Project Area:	Maluku (5 districts) and North Maluku (6 districts)		

Approval Date	11/05/2011	Last audit receipt	09/07/2017
Signing Date	05/07/2011	Date of Last SIS Mission	28/03/2018
Entry into Force Date	05/07/2011	Number of SIS Missions	15
Available for Disbursement Date	05/07/2011	Number of extensions	0
First Disbursement Date	16/11/2011	Effectiveness lag	2 months
MTR Date	02/06/2014		
Original Completion Date	31/01/2019		
Current Completion Date	31/01/2019		
Financial Closure	not available yet		

Project total financing

IFAD Financing breakdown	IFAD	\$49,112,095
	Asia and the Pacific Division	\$1,078,244
Domestic Financing breakdown	National Government	\$14,811,402
Co-financing breakdown,		
Project total financing		\$65,001,741

Current Mission

Mission Dates:	19 -28 March 2018
Days in the field:	8
Mission composition:	Ron Hartman IFAD Country Director Tony Ryan, Agriculture Specialist, Team Leader □ Anissa Pratiwi, IFAD Country Programme Analyst □ Lilis Suharti, Finance Management Specialist
Field sites visited:	North Maluku; Sula Island District; Waigoyofa and Waina Villages

B. Overall Assessment

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

Effectiveness and Developmental Focus	4	Project Management	4
Effectiveness	4	Quality of Project Management	4
Targeting and Outreach	5	Knowledge Management	4
Gender equality & women's participation	5	Value for Money	4
Agricultural Productivity	4	Coherence between AWPB and Implementation	4
Nutrition	4	Performance of M&E System	4
Adaptation to Climate Change	4	Requirements of Social, Environmental and Climate Assessment Procedures (SECAP)	4

Sustainability and Scaling-up	4	Financial Management and Execution	5
Institutions and Policy Engagement	4	Acceptable Disbursement Rate	5
Partnership-building	4	Quality of Financial Management	4
Human and Social Capital and Empowerment	4	Quality and Timeliness of Audit	4
Quality of Beneficiary Participation	4	Counterparts Funds	5
Responsiveness of Service Providers	4	Compliance with Loan Covenants	5
Environment and Natural Resource Management	4	Procurement	4
Exit Strategy	3		
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 objective of the Supervision and Implementation Support Mission was to (i) follow up on the actions agreed during the 2017 Supervision mission; (ii) review the project's performance towards the achieving the agreed objectives and results; (iii) support the project in preparing exit strategy and provide practical recommendations related to the key aspects to promote sustainability including; institutional sustainability, technical sustainability, financial (reduce risk of financial savings and outstanding loans, and improve the financial viability of federations and business units), and social sustainability (build social capital and planning for post project).

The mission was undertaken in two phases: a supervision mission from the 19 to 28 March 2018, and an implementation support mission from the 28 March to 16 June 2018.

In North Maluku province, the mission visited Waigoyofa village and Waina village in Sula Island district (March 23-26), while in Maluku province, visits were made to Waeputih and Waeura Villages in Buru district (March 27-29). The mission held provincial level wrap up meetings on March 26 and 28 with the North Maluku and Maluku project teams respectively. The mission met with the Mayor of Sula Island district on March 24 and with the Secretary of the Mayor of Buru on March 28.

Following the supervision mission, additional implementation support focussed on strengthening the project's exit strategy and likelihood of sustainability was undertaken between April and June 2018. This included the National Project Management Office launching a project completion process on April 26th 2018 with planning workshops in each of the Provinces held during May 2018.

Key Mission Agreements and Conclusions

SOLID progress continues to be strong, especially at village and district level. District managers, extension staff and village facilitators are generally committed and well regarded by SHG members. There is still work to be done around: (i) ensuring sustainability of village facilitation services; and (ii) improving revolving fund repayment rates, machinery and equipment O&M and depreciation funding, business unit planning and financial management. Given the fact that SOLID completes in January 2019, the mission recommends a strong focus on ensuring that SOLID achieves sustainable impact. The main finding of the mission are as follows:

(a) **Development Effectiveness.** Social empowerment has resulted in greater community resilience. The capacity to work together in SHGs has been greatly enhanced by the work of village facilitators, especially in Maluku province where sectarian violence had destroyed many communities. Compared to control groups, SOLID beneficiaries have achieved increased physical and financial assets, improved agricultural productivity and diversification, higher food and nutritional security, and better access to inputs including finance, land, technology and training. □

(b) **Sustainability.** With limited time remaining, ensuring the sustainability of project results is critical. In this respect, the limited management response to the agreed actions from the November 2017 mission is disappointing. In the mission's assessment, an Exit Strategy needs to be developed within the next month, with particular focus on: (i) making arrangements with local government to take over funding of well performing VFs beyond project closure; (ii) improving the repayment rates and management of RFs; (iii) improving the arrangements for managing machinery and equipment - including designated operator training, funding of O&M and depreciation; and (iv) ensuring village business units/federations have adequate business plans in place to ensure long term physical and financial viability.

(c) **Project Completion.** A project completion review process will need to be undertaken by the Government of Indonesia in the 3rd and 4th quarter of 2018 with a Project Completion Report (PCR) prepared and finalized during the last quarter of 2018 and before the project completion date. While primary responsibility for this process rests with the Borrower, IFAD should be closely involved. It will be important for SOLID to ensure that the necessary M&E data and information is available to inform the project completion assessment. Results with solid data – anecdotal impact will not be considered for ratings. The NPMO should therefore ensure that the RIMS and 2018 AOS are available for the project completion. The mission further recommends that SOLID management ensures that the following data and material is available to the PCR team: (i) SHG status update, using RF repayment rates as an additional criteria; (ii) RF data base as already suggested; (iii) status of local government arrangements to support SOLID post completion – including details and indicative value of proposed support; (iv) database of village federation activities incl. business units (if any), cooperatives (if any) and private sector partnerships (if any); (v) Crop production details by village incl. area of each MAIN crop, yield (say 0.5ha), farm gate prices for MAIN crops, and basic crop budgets (MAIN crops).

(d) **Project Management and Coordination.** Despite some improvements there are still issues related to project management, coordination and communication. Ensuring both sustainability and project completion objectives is now a matter of urgency that will require the national coordinator to focus on SOLID full time.

D. Overview and Project Progress

The overall assessment of project implementation and likelihood of achieving development objectives are both rated moderately satisfactory (4) in accordance with IFAD's performance assessment methodology.

SOLID's monitoring dashboard indicates that good physical and financial progress has been made since the last review mission in November 2017. There continues to be evidence that intensified social mobilization and strengthening of market-led investment is contributing to increased incomes and agricultural productivity. Local market access continues to be the mainstay of product sales although some improvements in longer value chains, as developed by village business units, are evident. Despite production increases, prices have generally remained stable. In part, this is due to greater production (volume and quality) attracting increased buyer interest. As the last mission noted, key results achieved related to the objective to enhance food security and increase incomes of project beneficiaries includes increased beneficiary incomes (54% of beneficiaries increased incomes in 2017 compared with 19% of control group) and food security (85% of beneficiaries have improved food security and reduction in food shortages, and 56% have increased food sufficiency compared with 19% control group).

As of 26 March 2018, total disbursement based on IFAD data was 95.55% for loan and 92.42 for grant, including outstanding advance-initial deposit of XDR 3.41 million for loan and 0.14 million for grant. The cumulative actual amount of government counterpart funds used for the project expenditures as of 31 December 2017 was IDR 139 billion or equal to 90% of the cumulative amount of government budget of IDR 153 billion. Budget execution/disbursement of FY 2017 was 98%. The disbursement was accelerated in the last quarter of 2017 due to budget revision and other institutional changes.

While project management continues to improve, in the mission's view, the move towards a focus on project completion and sustainability has been too slow. Provincial and district staff are well disposed towards SOLID with a much greater sense of ownership, commitment and understanding. The challenge for national staff, including consultants, is the mobilize towards addressing the major issues. As the November 2017 mission stated: *"As the project enters its final phase, achieving SOLID's overall objectives will required a consolidated effort by all project management, consultants and service providers and a focused accountability framework for the delivery of results"*. This continues to be the case.

The 2017 supervision mission identified 14 agreed actions. In the view of the supervision mission, 36% of the agreed actions have been completed and 14% partially completed. The mission also notes that most agreed actions relating to finance have been addressed.

Component 1: Community Development and Gender is rated as *moderately satisfactory (4)*. The objective of this component is to provide communities with *enhanced capacity for household food security and agriculture income planning*. The expected outputs are: (i) enhanced capacity of SHG members to sustain and manage group resources and (ii) group capacity to plan and implement agricultural production activities.

There has been moderate progress on both outputs and outcomes of Component 1. The mission notes that the capacity of SHGs as well as individual beneficiaries has showed improvement. Nevertheless, with only 8 months of implementation period remaining, there are concerns over the long-term institutional sustainability of the SHGs and Federations established by the project. The mission noted that empowerment process has not been fully completed. This is mainly due to the poor quality of group revolving fund (RF) management. Based on the focus group discussion, groups with good performance showed strong institutional capacity, strong cohesion, clear group vision and business plan. However, most of these "good performing" groups do not necessarily also have a good performance related to the revolving fund management, on the contrary, the majority of groups have high rates of outstanding loans and most members have not been repaying the loan in timely manner since.

In both Maluku and North Maluku, the task of social empowerment was important. Changing mind-sets of poor villagers in remote locations takes time. The mission was told this on several occasions, including by the Mayor of Sula Island and the Secretary of the Mayor of Buru. In their view, SOLID has been invaluable, to prepare SHGs to shift to a market oriented production but also to strengthen social cohesion. As mentioned earlier, the "peace dividend" in villages that were badly affected by religious violence has been greatly appreciated. This was made clear to the mission by the Village Head of Waeputih village in Buru district.

The mission notes that the work of village facilitators has been greatly appreciated, despite the considerable delays in engaging NGOs immediately after the MTR. There were clear requests for VFs to continue to work in support of SHGs. Village heads appreciate their motivational presence. One important aspect of continuing the VF input is the post-SOLID potential to link with the Village Fund programme implemented by Ministry of Village. Socially engaged and empowered SOLID villages would be a logical and reliable starting point for Village Fund activity. It is recommended that SOLID groups needs to start with the village planning process as done in East Seram District, where village fund are allocated the productive infrastructure to support the business unit under SOLID programme. It is encourage that each District starts to include the SOLID group into village plan and explore the possibility to utilize the empowerment allocation under the village fund to recruit the VFs.

In the next couple of months, it is critical for the project to generate the right information and data for the status of the revolving fund from each SHGs, based on their performance category. The data should show the status of RF in each SHGs which includes the total capital, purposes of fund utilization, repayment rates and savings. This data will be the basis of the project to develop an agreed repayment schedule for each RF – likely to be over 3 years. This will enable a proper exit strategy to ensure sustainability of most RFs. Thus, the overall goal is the sustainability of the RF to the highest level possible.

An important understanding around RF repayment is that while individual SHG members claim to be “too poor” to repay their loan, the mission refutes this. The reality is that there have been significant increases in household cash flow due to increased cropping area and higher yields. Thus, requiring repayment over a 3-year schedule is regarded as reasonable – it will not lead to widespread poverty outcomes.

Village facilitators should be given additional training to ensure their continuing relevance and effectiveness as well their likelihood of recruitment by local government post SOLID. The mission notes the SOLID trend of “training trainers” is not well regarded by many in the project due to poor effectiveness. Direct training to intended targets is therefore recommended .

Component Two: Support for Agriculture Production and Marketing is rated as *moderately satisfactory* (4). The outcome objective for C-2 is “*HHs with more food available for both home consumption and/or sale*”.

As noted by the November 2017 supervision mission, crop output increases have been notable. This has been a result of both cropped area and yields per ha increases. Key factors have been: (i) the introduction of basic agricultural technologies (generally via demplots) to farmers who have previously had almost zero technical support. In this regard, extension agents (PPLs) have done a generally good job which has been appreciated at village level; (ii) the supply of hand tools and in some cases, mechanized cultivation equipment and knap sack sprayers; and (iii) improved access to working capital to purchase seed, fertilizer and pesticides. Access to quality seeds was especially noted as an important factor in production increases.

While there have been fluctuations in some crop prices due to increased or over production (e.g. chilies ranging in price from Rp10,000 to 70,000/kg), prices have generally held stable (as discussed in para 10 above). A number of district managers in both provinces reported that lack of health certification is a market access constraint. Note: This was reported as an issue 2 years ago as well.

However, as discussed, while machinery and equipment have been delivered as planned, there has been significant failure to ensure appointment and training of designated operators, and to establish any funding arrangements for O&M and depreciation. Most SHG members regarded some contribution to fuel costs as sufficient payment. The situation with machinery funding is the same as for RFs – there needs to be an urgent and significant effort to ensure machinery charges are sufficient to meet O&M and depreciation and, in addition, there needs to be a strong effort to ensure SHG members understand and agree to the new charges.

A number of SHGs indicated that there is still insufficient access to cultivation equipment. This matter was raised in an earlier mission when the agreed action was that if all SHG members agreed, then RF resources could be spent on procuring an additional tractor for that group. On this mission, a number of SHGs indicated there are limited uses for their RF resources. Unfortunately, there appears to have been little direction from management on additional, innovative but relevant ways that SHGs can mobilize RF resources.

“The mission found little evidence of preparation of Agriculture Production Plans” This is most unfortunate as the intention of APPs was to help SHG members understand the role of RFs and then help them plan to make best use of RFs”. Thus, a lack of APPs has likely contributed to the poor utilization of and commitment to RFs.

Component Three: Support for Estate Crops Value Chains Development and Marketing is rated as *moderately unsatisfactory* (3). The outcome objective for C-3 is “*Increased household incomes from sales of 3 selected estate crops (coconut, cacao & nutmeg)*”.

Despite Federations being conceived as an agency which could support SHGs with linkages to long value chains, they have evolved with many different roles, including marketing, village revolving fund, warehousing and storage, drying infrastructure, operating other value adding equipment and cultivation machinery. While this can be construed as flexibility to meet local circumstances, it also reflects a lack of understanding of the relevancy (if any) of federations in the current SOLID project. The mission met federation representatives who claimed to undertake marketing services on behalf of SHGs and individual farmers. But the reality is that at least 90% of SHG members market their produce as individuals. Some market as SHGs but almost none use a federation.

However, in North Maluku, West Halmahera District has joined 7 federations into one cooperative – which has a business plan. Further, federations West and East Halmahera districts are being encouraged to work together to enhance marketing opportunities.

Based on the project annual report, up to 53 selected villages have been identified and funded into operation of a business unit (BU) – which can operate in a or villages. The mission met with staff of two business units – one buying coconut shell by-product and processing it into charcoal and another processing red onion/shallots into red onion sauce. The intention at mid-term review was finance up to 50 of the best performing federations into “business units/trading federations”.

The mission found that both BUs were technically well founded with strong market prospects. Both BUs were fully funded by the project and as a result, had a very strong equity position. But both BUs had no business plan and very limited understanding of the full extent of their operating costs. They were operating on a gross margin basis, with no account being made for O&M, depreciation, the cost of working capital to buy product from farmers, etc. i.e. the trading margin between purchase price and selling price is very narrow. The mission understands that as village based business, there is

pressure to pay farmers high prices for raw materials. But, there is no understanding of the long-term impact on the business of not having enough financial resources to sustain itself. The mission recommends urgent attention be paid to ensuring each BU has a clearly defined business plan before the close of SOLID later in 2018.

Agreed Action	Responsibility	Agreed Date
Overview and Project Progress		
1. Revolving Fund status survey Undertake “SOLID closing” survey of all SHG RFs to establish their status incl. (i) size of fund; (ii) repayment rate (by gender); (iii) loans outstanding (by value and number) by gender; and (iv) equity of access to RF by all SHG members.	SOLID management team with NGO	07/2018
3. Revolving Funds Usage Broaden the list of eligible RF expenditure to ensure SHG members understand broader opportunities to improve production and market returns.	SOLIM management team with NGO	08/2018
4. Village Facilitator Training Provide additional direct (not TOT) training to VFs on: (i) sustainable and equitable management of both RF and SHG machinery; and (ii) approaches to broaden the eligible uses of RFs (e.g. purchase of SHG cultivation equipment).	SOLID management team with NGO	09/2018

E. Project implementation

a. Development Effectiveness

Effectiveness and Developmental Focus		
Effectiveness	Rating: 4	Previous rating: 4

Justification of rating

33. The project performance in terms of effectiveness is considered as moderately satisfactory. SOLID has achieved credible progress toward of reaching its goal: “To enhance food security and increase incomes in beneficiary households (HH)s” and development objective: “To improve livelihoods (both food security and income) and to reduce the incidence of poverty (by providing poor farmers with sustainable access to appropriate technologies, management skills and commercial linkages)”.

Log-Frame Analysis & Main Issues of Effectiveness

The objective of the project is to improve the livelihoods (incomes and food security) and reduce the incidence of poverty for people in the targeted villages in both Maluku and North Maluku. The main expected outcomes are: (i) village institutions and self-help groups and unions functioning effectively; (ii) target group farmers using improved, sustainable production systems and low levels of purchased inputs; (iii) target communities using improved natural resource management systems; (iv) self-help groups and unions/federations operating as successful elements of the value chains for the targeted commodities; (v) improved small-scale infrastructure available in the target villages with the community organizations undertaking their operation and/or maintenance; and (vi) project completion on time and within agreed budget.

Based on the 2017 project annual report and 2017 annual outcome surveys, the project has achieved significant results. The outcome survey shows that in comparison with control groups, SOLID beneficiaries have achieved increased physical and financial assets, improved agricultural productivity and diversification, higher food and nutritional security, better access to inputs including finance, land, technology and training, and have improved resilience. Key results related to the objective to enhance food security and increase incomes of project beneficiaries includes increased beneficiary incomes (54% of beneficiaries increased incomes in 2017 compared with 19% of control group) and food security (85% of beneficiaries have improved food security and reduction in food shortages, and 56% have increased food sufficiency compared with 19% control group).

Component 1: The log frame outcome is: “Communities with enhanced capacity for HH food security and agriculture income planning”. The project is on track in achieving the main target under component 1. SOLID is now working in 224 villages in 11 District and 2 Provinces. The project has reached 26,907 HHs (80% of total target) and established 2,192 SHGs or equivalent to 98% of the total target. The annual report shows 49.5% of the groups are considered as “good performing” group and group are able to access finance has increased between 6.2% and 16%. However, the main concern will be the sustainability of these groups and the benefits received by its member.

Component 2 has made very sound progress. The desired logframe outcome for C-2 is “HHs with more food available for both home consumption and/or sale”. As discussed above, this has largely been achieved.

Component 3 has made some progress. The desired logframe outcome for C-3 is “Increased household incomes from sales of 3 selected estate crops (coconut, cacao & nutmeg)”. Some federations/business groups established under C-3 are marketing estate crops on growers behalf. There is however need for greater attention to business sustainability.

Project management has improved in terms of the submission of key project documents (annual progress reporting, AWPB, AOS etc.), although, there is opportunity to strengthen coordination and communication at all levels.

There is now a need to focus on the quality of results and impact and ensuring that these benefits are sustainable.

Development Focus		
Targeting and Outreach	Rating: 5	Previous rating: 5

Justification of rating

The project performance in targeting and outreach is considered as satisfactory. The approach has been effective in targeting the poorest and the remote villages, including the inclusion of indigenous people. The project had successfully reached out to the intended target group, although the project won't be able to achieve the quantitative target number due to smaller village population size.

Main issues

The project originally targeted 49,500 HHs members and designed to establish 3,300 SHGs. Although, during the mid-

term review, this is considered as an over ambitious target and was agreed to reduce the target into reaching 33,600 HHs and establish 2,240 SHGs. There has been no new SHG new establishment since 2016, and the project has reached 26,907 HHs (80% of total target) and established 2,192 SHGs or equivalent to 98% of the total target by the end of 2017.

The previous mission noted that one of the key issues is the reported decrease in participation of the self-help group member approximately by 25%. However, the current mission did not find the same issue in Sula and Buru District. The groups manage to retain its membership, and beneficiaries are actively participating in project activities. It is evident that group cohesion is strong and members perceive group as a platform to learn and grow together.

The challenge moving forward will be to ensure the institutional sustainability of the SHGs. Most members are willing to continue working as a group and maintain group activity. But it is critical to ensure that group members see the value to remain as a contributing group member. The intervention strategies, activities and capacity building support provided by the Project should remain relevant and accessible to the project target group. The project needs to develop the strategies to ensure the sustainability of the SHGs beyond project completion. One of the key concerns is the management of the group funds which will be the key factor to the sustainability of the groups to continue their activity.

Gender equality & women's participation

Rating: 5

Previous rating: 5

Justification of rating

The project's gender equality and women's participation are considered as satisfactory. The project has made a significant progress in promoting gender equality and women empowerment. The project is exceeding its targets for the inclusion and participation of women in that women's involvement is 52.5% (50% target) and women in leadership positions. Out of 14,347 women as member of 224 Federation, 708 women are holding leadership position in federations . The 2017 annual outcome survey also indicated that women-headed households represent 32% of households targeted.

Main issues

There has been an overall positive emphasis on women empowerment and the project has exceeded its targets in gender participation. The project has successfully promoted social and economic empowerment for women and continuously provides opportunities for women to actively participate training activities. Women perceive SOLID as a chance to get access to additional education. According to the focus group discussion, both men and women had improved literacy, received equal opportunities to join training in financial management and agricultural training.

Women are provided with livelihood options that allow them to improve the HH income. With facilitation received from the project, women are actively participating in agricultural production (on-farm), processing and also marketing. In the villages visited by the mission, a number of women held management and leadership position. The mission found women's groups more cohesive, more able to act collectively and better at managing funds. In the mixed groups women appeared to be full and active participants and the willingness to put forward their own priorities has improved.

The relevance of gender mainstreaming appears to have been accepted by project staff and internalized as routine management practice. The M&E data collecting has been more gender mainstreamed with the collection of sex-disaggregated data.

Agricultural Productivity

Rating: 4

Previous rating: 4

Justification of rating

The project's performance with respect to enhancing agricultural productivity is considered satisfactory. The project has an explicit focus on improving agricultural productivity and has achieved strong results in terms of increasing production and promoting the diversification of agricultural activities. Good progress has been achieved in increasing crop yields, diversifying production and increasing land cultivation areas. Data shows that most beneficiaries have increased their cropped areas from around 0.25ha to 0.5ha and are generating more income from the sales of agricultural commodities. Beneficiaries report impressive increases in production for all target commodities including vegetables (80% of beneficiaries reporting increases in production, copra (75%), peanut (53%), nutmeg (52%), maize (44%), and rice (44%). Peanuts, banana and cassava are important crops in a villages visited by the mission and both cropped area and yields have significantly increased.

Main issues

The mission acknowledges that the project has achieved good results in increasing agricultural production and improving household food security (for instance as evidenced during the 2016 El Nino where households benefiting from SOLID support were more food insecure and resilience than those non-project households).

The mission regards the establishment of sustainable production base as an important pre-requisite for both household food security and sustained market engagement. While good progress has been made towards strengthening food security, more focus is required to build sustainable market access. Stronger market linkages enhance the potential for sustainability. While there is already around 50% of production being directly sold off farm, as production increases the

project will need to focus more on value adding, processing and marketing to ensure that investments in improving agricultural productivity translate into increased incomes for project beneficiaries. SHG groups are mostly (80-100%) marketing homestead production as individuals while production from SHG plots is marketed jointly by the SHG. In the mission's observations, there is limited (less than 15%) of output being processed or value added and almost nil (< 5%) of food crop surpluses being marketed by federations.

Nutrition

Rating: 4

Justification of rating

The project performance in promoting nutrition is rated as moderately satisfactory. The project design did not explicitly include a specific objective related to improving beneficiaries' nutritional status, however there has been evidence that the project has contributed to the broader focus on food security. The project did not monitor annually the reduction in prevalence of child malnutrition. It was measured during baseline survey and will be measured during impact survey this year before completion.

Main issues

The project has not specifically monitored improvements in the consumption of high nutritious food. However, during the discussions in Maluku and North Maluku, the mission noted the change in consumption patterns with the villagers now having improved access to food. Before project, the main staples were sago, cassava and other roots/tubers crops. Since the project started, villagers increased vegetable consumption due to ease of access and increase in family income, which allows them to buy diversified food such as rice, more vegetables, chicken and egg. The villages in coastal areas in both Maluku and North Maluku seems to have a better health condition due to daily consumption of fish protein.

The selection of priority commodities in the project was not based on nutritional value. There is a lot of potential in growing high nutrition commodities like horticulture and certain types of root crops, however, currently there are no specific marketing targets and very limited knowledge around innovative products. Project design has emphasized financial targets, and the lack of nutrition-sensitivity at all implementation levels have directed product development more towards nutrition un-sensitive market. The food production generally follows market demand and trends, as in largely quick snacks, sweet, salty, MSG-tasteful, chips, long shelf life, crackly, 'modern style' fried product. These kind of food products generally have lost a lot of nutrient content.

The last mission reported that SOLID received additional support in order to promote nutrition sensitive value chain. The FoodStart+, an IFAD grant-funded project implemented by CGIAR centres CIAT and CIP, is facilitating the production and marketing of new varieties of root/tubers crop with higher nutrition value. However, the district visited by the mission was not the pilot location of the FoodStart+ programme. The programme is only implemented in East Seram and West Halmahera. The lessons learn from the programme could potentially be replicated to other district, since root crops/tubers is a priority commodity as food source as well as income sources. Additionally, the Government of Germany has sponsored IFAD in undertaking a Nutrition Sensitive Value Chain Assessment to identify the specific nutritional problems of people living in Maluku and North Maluku and to analyze the potential for developing nutritionally sensitive value chains. Recommendations stemming from both initiatives should be considered.

Adaptation to Climate Change

Rating: 4

Previous rating: 5

Justification of rating

The project support towards adaptation to climate change is considered as moderately satisfactory. Although the project did not have specific objective towards climate change mitigation and adaptation in the design, the 2015 drought that affected the project areas has sensitized the project staff as to the need to factor climate change into implementation choices, and has resulted in a number of project activities that enhance the resilience of beneficiaries to climate shocks.

Main issues

Following the 2015 drought, the project enabled farmers to invest in irrigation water pumps which significantly improved household resilience to drought and the associated food security challenges. In fact, with one year of implementation remaining, the 2017 AOS survey indicates that 85% of SOLID farmers are now food sufficient, compared with 74% of non-SOLID farmers. Only 14% of SOLID farmers suffer food shortages for 3 weeks or more, compared with 46% of non-SOLID farmers. Cropping improvements, the introduction of new species of cassava and sweet potato (both ideal for dry rainfed agriculture), combined with the enhanced savings accumulated by SHG members are further reducing vulnerability and enhancing resilience of beneficiaries to possible future climate shocks. Furthermore, by enhancing returns from production in home plots, it appears that the project is reducing incentives for farmers to engage in slash and burn agriculture in neighbouring forest areas. Finally, the project is promoting organic fertilizer and raising awareness of the importance of crop rotations for soil health. Improved agricultural practices such as these will improve soil water holding capacity and hence climate resilience.

b. Sustainability and Scaling up

Institutions and Policy Engagement	Rating: 4	Previous rating: 3
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Justification of rating

Institutions and policy engagement is considered moderately satisfactory. The project design did not envisage specific engagement with respect to policy support or engagement. However, there was an expectation that the project would demonstrate a decentralized model of development for remote and vulnerable rural communities. This would be achieved through strengthening rural institutions and building agricultural livelihoods.

Partnership-building	Rating: 4
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Justification of rating

Partnership-building is rated as moderately satisfactory. Partnerships of relevance relate to market linkages and sustainability. Project staff have made some useful private sector linkages while partnerships with local government lack behind – this is becoming increasingly important with view to the upcoming completion.

Main issues

In the interests of post-SOLID sustainability, forming partnerships with district governments to continue SOLID implementation is important. While ideally, discussions with district mayors (Bupati) should have started earlier, the need for provincial level coordination with individual follow-up meetings is immediate. Initiative to facilitate and make sure the dialogue happens should come from provincial and district level is critical. Discussions should clarify exactly what support Bupatis are willing to provide and, from a SOLID management perspective, what are the priority areas of support.

Aside from building partnership with district government, the project has been able to generate partnership with local private sectors. It is reported that 38.8% SOLID group member have developed a market .

Human and Social Capital and Empowerment	Rating: 4	Previous rating: 4
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Justification of rating

The project's performance in human and social capital and empowerment is considered as moderately satisfactory. SOLID approach on empowerment process is well received by village heads and communities. SHG members, men and women, individually and collectively have been empowered and strengthened to have control and decision towards production and marketing which will improve their livelihoods.

Main issues

The project has continued providing assistance to strengthen the group institutional and management. However, most of the SHGs are still dependent on the facilitation provided by the project. Sustainability and further improvement of human and social capital is very much reliant on the continued inputs of village facilitators. As part of the project exit strategy, the project needs to seriously consider a proper additional training of VFs and clear decision for post-SOLID facilitation support, either making sure post-SOLID funding are available of VF inputs or preparing the hand-over of facilitation role to village champion that can continue the role.

Quality of Beneficiary Participation	Rating: 4	Previous rating: 4
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Justification of rating

The quality of beneficiary participation is rated as moderately satisfactory. Views of beneficiaries are considered for project activities and regularly confirmed through a participatory M&E. The mission noted the high level of enthusiasm and participation of the beneficiaries.

Main issues

Every six months, SHG and Federation are evaluated in participatory manner, based on appropriate indicators assessment guidelines that have been published and used by each SHG. The evaluation is conducted by VFs, taking into accounts several indicators, such as: i) the development of the vision and mission; ii) organizational management; iii) financial management and accounting; iv) the development of networking; v) accountability of the organization (responsibilities of members and administrators); and vi) learning and monitoring and evaluation.

The project conducts periodic performance evaluations of SHGs and Federations which generate maturity levels of SHG

and Federation in the categories of "good", "average" and "poor". According to the 2017 annual report, the Participatory Self-Monitoring Evaluation (PSME) ranks 1086 SHGs as good, 960 as average and 146 as poor, showing sound progress in the social sustainability of the SHGs. The SHG evaluation provides some insight into group cohesion, but not into the quality of beneficiary participation. From the six indicators, it is not clear in which category SHGs rank highest and which categories require more targeted support to increase the social sustainability of the investment. Discussions with groups indicated the very varied levels of group cohesion, and also varied interests from SHG members. The mission observed that a lot of improvement needs to be made to strengthen financial management and accounting, as well as organizational management to ensure long term group sustainability.

The VFs and PPLs to some extent have brought some coherence and structure to project activities at the village level and it appears that the quality of beneficiary participation has improved. The mission found that there has been a lot of improvement amongst participants on the scope and purpose of the Project. The beneficiaries have a good understanding of the economic objectives of the Project and of the importance of their own investment to increase and sustain project outcomes.

Recommendations on improving the quality of beneficiary participation have been addressed in Component 1 analysis.

Responsiveness of Service Providers

Rating: 4

Previous rating: 4

Justification of rating

Responsiveness of service providers is considered as moderately satisfactory. The project engages a number of main service providers including an NGO in each province, a team of consultants who are assigned at national, provincial and district levels, and agricultural extension staff at the field level. The quality of services is generally good, but there is some variation with the quality of performance across the project.

Main issues

As SOLID engages a number of different service providers, it is important that the project management more actively manages its service provision. The mission notes that some service providers fail to understand their role resulting in tensions between some service providers and the project management highlighting an opportunity to enhance the planning and coordination of inputs; and particularly to strengthen the integration of services being provided to project beneficiaries. For example, in a number of villages visited by the mission, the lack of service delivery integration was apparent between the village facilitators delivering social mobilization support, the agricultural extension workers delivering extension support, and the project consultants providing technical inputs, all in isolation. Given the limited time the project has remaining, it is critical for the project to focus on how to strengthen coordination to ensure the support delivery is managed in a more effective and integrated way.

Environment and Natural Resource Management

Rating: 4

Previous rating: 4

Justification of rating

Environment and natural resource management is considered moderately satisfactory. The project is implemented in a remote fragile environment where risk and vulnerability for the project beneficiaries is high. The project has contributed to a modest improvement of the resource base as a result of SOLID activities and there is no apparent negative impact on the environment as a result of the project.

Main issues

SOLID was originally rated as a Category B project at the time the project was approved, given the perceived minimal potential for negative environmental impact at the time of project design. This rating has been confirmed during implementation. On balance, the project has positively impacted on the environment and natural resources. The improvements in food and cash crop production brought about by the project have reduced incentives for shifting agriculture. Most of the farmers met by the mission were engaged in organic or low input production practices with only very few applying herbicide and no cases reported to the mission of pesticide use. Indeed, this has enabled farmers to market products such as ground nuts as organic. Farmers are cultivating drought tolerant staple crops such as cassava and sweet potato. Through linking with CIAT, the project is also experimenting with raised bed cultivation of improved varieties of cassava, which should further enhance drought tolerance. The project emphasis on generating household savings is further reducing vulnerability. Based on farmers' reports, the income smoothening effect of savings and loan activities along with homestead gardens are allowing households to get through drought periods without having to cut back on meals.

Exit Strategy	Rating: 3	Previous rating: 3
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Justification of rating

The project exit strategy is rated as moderately unsatisfactory. The project has not yet developed a clear exit strategy and stakeholder support still needs to be obtained.

Main issues

It is crucial for the project to start developing the exit strategy. The mission was informed that a high-level meeting will be arranged with the local government to discuss project exit strategy that will ensure sustainability. During the mission, the team had the chance to hear the presentation of each district strategy to ensure the project sustainability. It is encouraging that most District has thought of different approach that are suitable and ensuring it aligns with their local government priority and policies towards rural development. Although, there still a need to consolidate the exit strategy as a holistic strategy that can be presented as a general approach of the project.

During the presentation, it is most highlighted that development of partnership is critical part to prepare SOLID for exit.

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

The potential for scaling up is considered moderately satisfactory. The prospects for scaling up the SOLID model into other districts and villages are significant. In particular, the “most scalable” parts of SOLID are C-1 and C-2 which are also the parts currently having the greatest development impact. Thus, scaling up and sustainability are part of the same conversation

Main issues

In the mission's view, the best strategy to sustain SOLID and scale up the project approach is to link it to the Ministry of Village program with a similar emphasis on community empowerment that are designed to leverage the village fund but less on economic development. Thus, there are considerable synergies that can be develop between SOLID and the Ministry of Village programme.

c. Project Management

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

The quality of project management is considered as moderately satisfactory. There has been a significant improvement on the overall project coordination and communication within every level of the project management. The mission observed a noticeable increase in engagement, understanding and ownership amongst district managers while provincial managers are clearly playing the required coordination role – between district managers and NGOs alike. As the project enters its final phase, the key emphasis for project management at all level is to concentrate on improving the quality of implementation and enhancing the likelihood of sustainability.

Knowledge Management	Rating: 4	Previous rating: 3
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Justification of rating

The project performance in knowledge management is considered moderately unsatisfactory . The project does not have a clear knowledge management strategy or plan; however, some activities are included in the AWPB, with minimum budget allocated. The mission notes that there has been more effort over the past year to document and share project results and learning, however this remain somewhat ad hoc. The mission witnessed a number of good results and best practices from the project implementation. Unfortunately, this has not been documented and communicated properly by the project. Although, recently the project has been trying to promote the project activity and success stories through publications and social media.

Main issues

The objective for knowledge management should be to assist the project to build practical and actionable knowledge and know-how that leads to improved project performance and results, and supports innovation, scaling up and country-level policy engagement. SOLID is designed to develop a model for development in remote and challenging area such as Maluku and North Maluku. As far as monitoring outcomes and impact is concerned, the M&E system currently is not being full leveraged as an information source that can be used to support the knowledge and learning agenda. However,

the AOS 2017 has been able to report the good result that are actually being achieved on the ground. It is important for the project to start collecting the right data and results information to present the project impact in the final year of implementation.

There has been number of small innovations happening at the village level. Although the good progress may vary and not consistent across all areas, there are pockets of location with its own strengths that can be a useful innovative learning for other Districts, and Provinces, other Ministries and other IFAD supported projects. For example, East Seram experience in developing business unit and a very good partnership initiatives in establishing market linkages. East Halmahera experience in stronger group institutional development and more organized federations as service and input providers to SHGs. There are also numbers of successful women group involving in processing activity and marketing. And stories of groups reporting increases in production just by applying new farm technologies introduced by the project. These initiatives should be well documented and disseminated to a wider audience, as a practical knowledge generated from district and village experiences. It is simplified approach to M&E with strengthen management information systems as well as reporting quality to IFAD. Part of the rationale for this is the desire to have the right information that can prove the successful impact of SOLID.

Getting closer to project completion, it is important for SOLID to start collecting the lessons and experience generated during the last 7 years of project implementation. Not only to collect evidence based knowledge but to also plan the knowledge transfer process from facilitators and PPL to smallholders at the village level, among project officers from each and across all level. In order to support the collection of the project success stories, SOLID NPMO is holding a story-writing and video contest to encourage all facilitators and group members to produce stories from the field for submission by the end of August 2018.

Value for Money

Rating: 4

Justification of rating

Value for Money is considered as moderately satisfactory. In the mission's view, the returns to SHG members in terms of increased food security, increased cash incomes, gender outcomes and general livelihood improvement, on top of the greater community cohesiveness in the Maluku context are a reasonable return on investment in a difficult and challenging location. Further the development of district level management and community level facilitation skills are assets which will continue to yield returns for Maluku communities – in particular in terms of positioning SOLID villages as logical investment sites for Ministry of Village's village fund (Dana Desa) activity.

Main issues

Despite the improved efficiencies, the limited performance of federations and business units and the current low repayment rates among SHG RF borrowers are disappointing. In addition, as highlighted by the last mission, coordination between senior NGO staff and project management can improve.

Coherence between AWPB and Implementation

Rating: 4

Previous rating: 3

Justification of rating

The coherence between the AWPB and implementation is considered moderately satisfactory. At the time of the mission, the utilization of AWPB 2018 has financed project activities at national and subnational. Project sets up the financial target for 1st three months in 2018 was amounting IDR 6,910,000,000.

AWPB Inputs and Outputs Review and Implementation Progress

The overall budget for 2018 was consisted of IDR 46,022,400,000 from IFAD Loan, IDR 3,000,000,000 from IFAD Grant and 14,103,000,000 from Government of Indonesia (GOI).

By the various funding source, the project implementation has been absorbed the allocated budget financial delivery for Loan about IDR 5,593,653,000.00 or 12,15% out of the allocated loan; 0% absorption from IFAD Grant and IDR 1,519,650,792 or 10.78% out of GoI portion for year 2018.

Performance of M&E System

Rating: 4

Previous rating: 3

Justification of rating

The performance of M&E system is considered as moderately satisfactory. There has been a considerable amount of efforts done by the project to collect, analyse and report the data. The systems are functioning and the project has been able to report regularly the progress and achievement. However, there are issues around data reliability and the utility of data and information as a management and decision-making tools.

M&E System Review

As the project enters its final year of implementation, there is now an urgent need to focus the M&E system on collecting data and information related to outcomes and impact – and to ensure that the project generates the necessary knowledge on lesson learned. As a part of the project exit strategy and preparation for project closing (PCR), the project management should identify the various assessments and studies that will be required to inform on project performance and results.

Under the 2018 AWPB, the project has plan to conduct the studies and surveys to support generating evidence on the impact in the ground. It is expected that the report of these studies and surveys to be completed prior to the completion mission.

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

Rating: 4

Justification of rating

The rating for the requirements of SECAP is moderately satisfactory. Although the project design pre-dates IFAD's SECAP requirements, as detailed in earlier sections, during implementation, the project has been able to adapt to enhancing social, environmental and climate opportunities and reducing any potential adverse impacts on local communities. Rather than the compliance based approach of SECAP, the project design did include some enabling measures to ensure that mechanisms are in place to guide the project implementation with respect to social, environmental and climate.

d. Financial Management & Execution

Disbursement by financier

Type	Name	Current Amount	Disbursed Amount	Actual Rate
Domestic Financing breakdown	National Government	\$14,811,402		

Acceptable Disbursement Rate

Rating: 5

Previous rating: 5

Justification of rating

Automated rating based on IFAD disbursement data

Main issues

Designated Account Recovery.

A recovery plan for Designated Account of Loan and grant has been prepared by the project starting on WA#59 onward. A total of XDR 3.41 million or USD 5 million of Loan DA and XDR 0.14 million or USD 0.2 million for grant is planned to be recovered during FY 2018

Eligible Expenditure on Closure Period.

The project will be completed on 31 Jan 2019 and closed on 31 July 2019. During the closure period (between 31 Jan -31 July 2019), only closure related activities can be financed including salaries/fees of closure-related staffs/consultants, preparation and dissemination of completion report, for sustainability (e.g. workshops), which are reflected in the approved AWPB. The mission recommends the NPCO to make a closing activity plan and reflected in to the AWPB.

<i>Agreed Action</i>	<i>Responsibility</i>	<i>Agreed Date</i>
Financial Management & Execution		
Prepare a closing activity plan to be reflected in the proposed AWPB		06/2018
Designated account to fully recovered	NPCO	12/2018
Designated account to be fully recovered, in line with plan	NPCO	12/2018

Fiduciary Aspects

Quality of Financial Management

Rating: 4

Previous rating: 4

Justification of rating

The mission noted improvement on project financial management, including budgeting, disbursement, financial reporting, submission of withdrawals, designated account management, project audit report and follow up on audit report. However, the mission noted that there is still delay in submitting AWPB 2018, contract register has not yet submitted to IFAD, unavailability of bookkeeping and loan and saving management handbook at community level, both at SHGs and federations as well as for business centres management team, and follow up on audit report, especially on the outstanding of ineligible expenditure status

Main issues

Organization and staffing. Last mission noted that financial management training was delivered without the actual handbook handed out as a day to day reference for the community on bookkeeping and saving and loan activity.

Budgeting. The mission recommends the project to submit the AWPB 2019 in October 2018 to have it approved before the respective fiscal year started.

Fund flows and Disbursement/Withdrawal. Budget execution/disbursement of FY 2017 was 98%. The disbursement was accelerated in the last quarter of 2017 due to budget revision, institutional change at all level and revised target villages.

Internal Control. Additional bookkeeping training should be provided by the facilitator. Frequent review and monitoring should be conducted to ensure the improvement of bookkeeping of the community.

Accounting. The project FM staff have to make a modification on the SAIBA report for project financial report based on category/component.

Financial Reporting and Monitoring. The mission noted the on-going follow up action on some fiduciary recommendation from previous mission including follow up on BPKP audit findings and improvement of bookkeeping at community level.

Follow up from previous mission. The mission reminds the project to follow up the outstanding recommendation including to improve the quality of facilitation for the SHGs in bookkeeping, and to clear out the ineligible findings from audit reports.

Internal Audit. There is no other internal audit arrangement for the project.

Agreed Action	Responsibility	Agreed Date
Financial Management & Execution		
To ensure SHGs receive additional bookkeeping and saving and loan management training	NPCO	04/2018
IFAD letter to MoF concerning SOLID 1st tranche 2013-2016	IFAD	05/2018
Consolidation Meeting to finalized the reconciled amount and communicate it with PKN/MoF, BPKP & IFAD.	NPCO, BPKP & IFAD	05/2018
IFAD letter to MoF concerning SOLID 2nd tranche of 2013-2017	IFAD	07/2018
Consolidation meeting to finalize the reconciled amount and communicate it to PKN?MoF, BPKP & IFAD for the second tranche	NPCO	07/2018
Refund of ineligible findings to IFAD	NPCO	07/2018
To ensure SHGs receive additional bookkeeping and saving and loan management training	NPCO, PPCO, DPMO	08/2018
To submit AWPB 2019 early	NPCO	10/2018
Any ineligible expenditures noted by auditor for the audit of FY 2017 for the project to settle the refund to IFAD account	NPCO	12/2018

Quality and Timeliness of Audit

Rating: 4

Previous rating: 4

Justification of rating

Audit work acceptable in terms of quality and timeliness. Some improvements noted for next report

Main issues

The audit was submitted within an acceptable time-frame, i.e. nine days after due date. In terms of quality, the report generally met the requirements of IFAD's guidelines, however the following areas for improvement were noted:

- the designated account activity statement did not fully reconcile to IFAD's records for the grant
- the disclosure of information in the sources & uses of funds did not fully meet requirements for reporting by expenditure and component category
- "Unallocated" classification was erroneously treated as a disbursement category

The auditor drew attention to the fact that controls and monitoring must be strengthened at district and provincial levels; all observations raised by the auditor must be resolved before closure

Counterparts Funds

Rating: 5

Previous rating: 5

Justification of rating

The cumulative actual amount of government counterpart funds used for the project expenditures as of 31 December 2017 was IDR 139 billion or equal to 90% of the cumulative amount of government budget of IDR 153 billion.

Compliance with Loan Covenants

Rating: 5

Previous rating: 5

Justification of rating

Compliance with loan covenants is rated as satisfactory (5). Most of the covenants have been complied. Out of 19

covenants, 17 are fully complied, 1 is partially complied, and 1 is not yet due.

Procurement

Procurement

Rating: 4

Previous rating: 4

Justification of rating

Procurement is rated as moderately satisfactory. Procurement was managed separately by respective project offices at national and sub-national offices, i.e. National Project Coordination Office (NPCO), Province Project Coordination Office (PPCO) and District Project Management Office (DPMO). Respective office has authorized procurement officer or committee.

Procurement Review

The remains some delays in procurement process mainly caused by delays in the Government Budget (DIPA) revision. The mission reviewed sample of procurement documents for vehicles and advise the project to implement the Government of Indonesia's Procurement Regulation, i.e. Presidential Decree 54/2010 and the relevant amendments.

The mission again notes that the project contract registers are not uniformly prepared or submitted to IFAD. This should be a future priority.

Agreed Action	Responsibility	Agreed Date
Financial Management & Execution		
NPCO to improve the BPKP reconciliation report to track findings based on source of financing and include non-financial findings	NPCO	11/2017
Random checks Ensure that random checks by oversight provincial coordinator and district supervisor are done as per project guideline. Random check results be used to monitor VF performance (provide adequate support or need capacity building).	PPCO, DPMO, and NGOs	04/2018
Ensure continuous quality monitoring and assistance by village facilitators to SHGs and Federations.	PPCO, DPMO, and NGOs	

F. Agreed Actions

Agreed Action	Responsibility	Agreed Date
Overview and Project Progress		
1. Revolving Fund status survey Undertake "SOLID closing" survey of all SHG RFs to establish their status incl. (i) size of fund; (ii) repayment rate (by gender); (iii) loans outstanding (by value and number) by gender; and (iv) equity of access to RF by all SHG members.	SOLID management team with NGO	07/2018
3. Revolving Funds Usage Broaden the list of eligible RF expenditure to ensure SHG members understand broader opportunities to improve production and market returns.	SOLIM management team with NGO	08/2018
4. Village Facilitator Training Provide additional direct (not TOT) training to VFs on: (i) sustainable and equitable management of both RF and SHG machinery; and (ii) approaches to broaden the eligible uses of RFs (e.g. purchase of SHG cultivation equipment).	SOLID management team with NGO	09/2018

Financial Management & Execution		
NPCO to improve the BPKP reconciliation report to track findings based on source of financing and include non-financial findings	NPCO	11/2017
To ensure SHGs receive additional bookkeeping and saving and loan management training	NPCO	04/2018
Random checks Ensure that random checks by oversight provincial coordinator and district supervisor are done as per project guideline. Random check results be used to monitor VF performance (provide adequate support or need capacity building).	PPCO, DPMO, and NGOs	04/2018
Consolidation Meeting to finalized the reconciled amount and communicate it with PKN/MoF, BPKP & IFAD.	NPCO, BPKP & IFAD	05/2018
IFAD letter to MoF concerning SOLID 1st tranche 2013-2016	IFAD	05/2018
Prepare a closing activity plan to be reflected in the proposed AWPB		06/2018
IFAD letter to MoF concerning SOLID 2nd tranche of 2013-2017	IFAD	07/2018
Consolidation meeting to finalize the reconciled amount and communicate it to PKN?MoF, BPKP & IFAD for the second tranche	NPCO	07/2018
Refund of ineligible findings to IFAD	NPCO	07/2018
To ensure SHGs receive additional bookkeeping and saving and loan management training	NPCO, PPCO, DPMO	08/2018
To submit AWPB 2019 early	NPCO	10/2018
Any ineligible expenditures noted by auditor for the audit of FY 2017 for the project to settle the refund to IFAD account	NPCO	12/2018
Designated account to fully recovered	NPCO	12/2018
Designated account to be fully recovered, in line with plan	NPCO	12/2018
Ensure continuous quality monitoring and assistance by village facilitators to SHGs and Federations.	PPCO, DPMO, and NGOs	

Smallholder Livelihood Development Project in Eastern Indonesia

Logical Framework

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2017)	Cumulative Result (2017)	Cumulative Result % (2017)	Source	Frequency	Responsibility	
Outreach	1.a Corresponding number of households reached							Progress Reports	Annual	Project	
	Non-women-headed households			33600	26097	26097	77.7				
	Women-headed households										
	1 Persons receiving services promoted or supported by the project							Progress Reports	Annual	Project	
	Males			16800	12560	12560	74.8				
	Females			16800	14347	14347	85.4				
	Groups receiving project services							Progress Reports	Annual	Proejct	
	Group			2240	2192	2192	97.9				
Goal To enhance food security and increase incomes in beneficiary household	Households with improvement in HH assets ownership index							Impact Assessments	3 x	project	Project Managers at all levels are effective and engaged in SOLID implementation.
	Households			33600							
	40% reduction in the prevalence of child malnutrition							Impact Assessments	3 x	project	
	Reduction in the prevalence of child malnutrition			40							
Objective Improve livelihoods and to reduce the incidence of poverty	HHs reporting increase in food security							Impact Assesment	Annual	Project	Project Managers at all levels are effective and engaged in SOLID implementation.
	Households			26880							
	Households										
Outcome Communities with enhanced capacity for households food security and agriculture income planning											

Output SHGs capable of managing and sustaining group resources (both human & financial)	SHG trained and operational							Progress Reports	Annual	Proejct	Facilitation NGO operational by 1.11.14; VFs are respected and effective in facilitating the CD process; PPLs and VFs work together effectively
	SHG trained and operational			2240		2192	97.9				
Output SHGs capable of planning and implementing their production and post-harvest activities	Village/community plans formulated							Project	Annual	project	Facilitation NGO operational by 1.11.14; VFs are respected and effective in facilitating the CD process; PPLs and VFs work together effectively
	Plan			330	224	896	271.5				
	Community groups with women in leadership position							RIMS	Annual		
	Groups with women in leadership position			850	10	706	83.1				
	People in saving and credit groups formed/strengthened							RIMS	Annual	Project	
	Females			16800		14347	85.4				
	Males			16800		12560	74.8				
	People accessing advisory services facilitated by the project							RIMS	Annual	Project	
	Males			16800		12560	74.8				
	Females			16800		14347	85.4				
	1.1.5 Persons in rural areas accessing financial services							RIMS	Annual		
	Total persons accessing financial services - credit										
	Women in rural areas accessing financial services - credit			16800		14347	85.4				
	Total persons accessing financial services - savings										
	Saving groups formed/strengthened							Progress Reports	Annual	Project	

	Saving groups			2240		2192	97.9				
Outcome Households with more food and cash crops available for both home consumption and/or sale	50% HHs reporting regular market sales of food and cash crops							Annual Outcome Survey	Annual	Project	Adequate support provided by NGO, extension staff (PPL), traders and SOLID Project District Staff. Favourable seasons & growing conditions (pest, disease, drought).
	Households			50							
Output Increase in household income as a result of increased sales of agricultural products.	75% of HHs reporting 30% increase in annual cash income from sale of food and cash crops.							Outcome Surveys	3 x	Project	PPLs actively engaged in implementation; PPLs equipped with full set of skills; Farmers actively engage in activities; S&L funds operate transparently for all members with borrowers willing to repay loans in full, on time.
	Households			75							
	1.1.4 Persons trained in production practices and/or technologies							Progress Reports	Annual	Project	
	Men trained in crop			16800		12560	74.8				
	Women trained in crop			16800		14347	85.4				
Outcome Increased household incomes from sales of 3 selected estate crops (coconut, cacao & nutmeg)	50% of village crop producers reporting a 20% increase in monthly cash income from sale of estate crop related products							Annual Outcome Survey	Annual		Market stability in 3 selected VCs.
	Village crop producers (SHGs)			1120							
Output Farmers with improved market linkages & understanding of market requirements	2.1.5 Roads constructed, rehabilitated or upgraded							RIMS	Annual		
	Length of roads			330		69	20.9				
	2.1.2 Persons trained in income-generating activities or business management							RIMS	Annual		
	Females			16800		14347	85.4				
	Males			16800		12560	74.8				
Output Federations established as sustainable business units with capacity to represent farmer interests in the market place and/or add value to any or all of the 3 selected products	2.2.3 Rural producers' organizations engaged in formal partnerships/agreements or contracts with public or private entities							Progrees Reports	Annual	Project	Market stability in 3 selected VCs.
	Women in leadership position										
	Number of POs										

	2.1.3 Rural producers' organizations supported						Progress Reports	Annual	Project	
	Females									
	Rural POs supported									

Indonesia

Smallholder Livelihood Development Project in Eastern Indonesia

Supervision Report

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

Mission Dates: 19 -28 March 2018

Document Date: 19/07/2018

Project No. 1100001509

Report No. 4743-ID

Asia and the Pacific Division
Programme Management Department

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

Table 1: Financial performance by financier (as of 26 March 2017)

Financier	Appraisal (USD '000)	Disbursements (USD '000)	Per cent disbursed
IFAD loan	49,100.00	41,243.91	84.00
IFAD grant	1,080.00	882.70	81.73
Co-financier	-		
Government	14,820.00	10,776.00	72.71
Total	65,000.00	52,902.61	81.39

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

[illegible]

Table 3: IFAD loan disbursements (SDR '000, as at 26 March 2018)

Category	Category description	Original Allocation	Revised Allocation	Disbursement	W/A pending	Exp. not yet submitted	Balance	Percent disbursed
I	Civil works	3,500.00	4,550.00	4,084.12			465.88	90
II	Vehicles & equipment	4,850.00	5,175.00	3,974.40			1,200.60	77
III	Capacity building, workshops, training	8,000.00	8,950.00	7,350.06			1,599.94	82
IV	Matching fund	6,800.00	7,625.00	7,396.59			228.41	97
V	International Consultant services	-	-	-			0.00	-
VI	Local Consultant and NGO services	4,500.00	4,000.00	2,735.86			1,264.14	68
	Unallocated	2,650.00	-	-			0.00	-
	Initial deposit			3,411.50			-3,411.50	-
	Total	30,300.00	30,300.00	28,952.53			1,347.47	96

Table 4: IFAD grant disbursements (SDR '000, as at 26 March 2018)

Category	Category description	Original Allocation	Revised Allocation	Disbursement	W/A pending	Exp. not yet submitted	Balance	%
I	Civil works	-	-	-			-	-
II	Vehicles & equipment	-	-	-			-	-
III	Capacity building, workshops, training	485.00	526.00	339.81			186.19	64.6
IV	Matching fund	-	-	-			-	-
V	International Consultant services	65.00	65.00	64.57			0.43	99.34
VI	Local Consultant and NGO services	115.00	84.00	81.86			2.14	97.45
VII	Unallocated	10.00	-	-			-	-
	Initial deposit	-		137.60			(137.60)	-
	Total	675.00	675.00	623.84			51.16	92.42

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

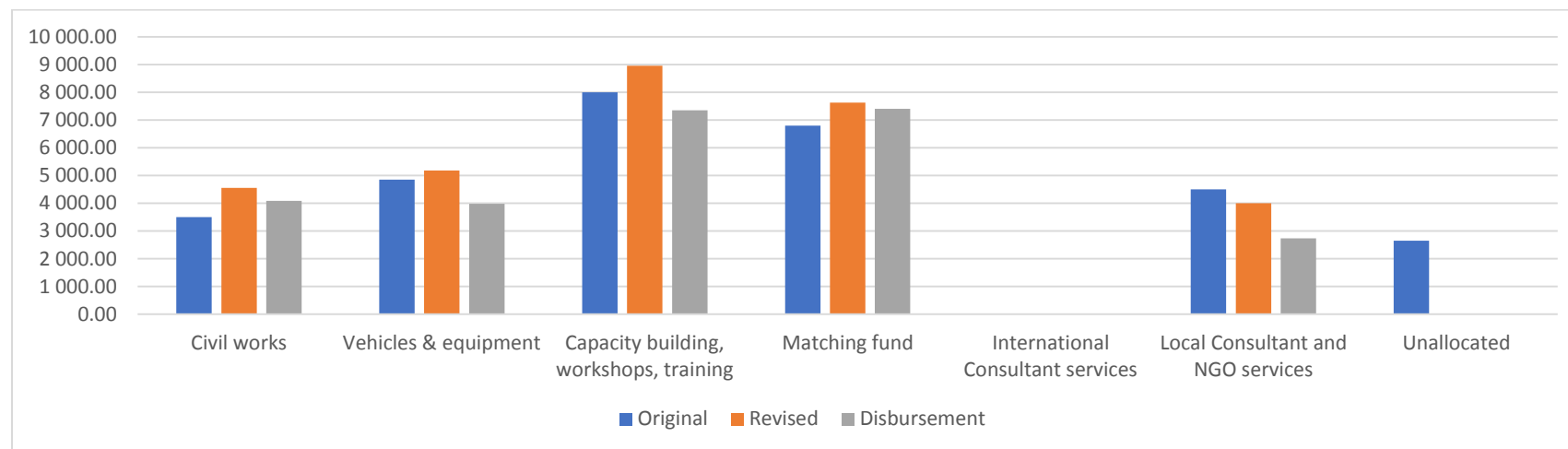
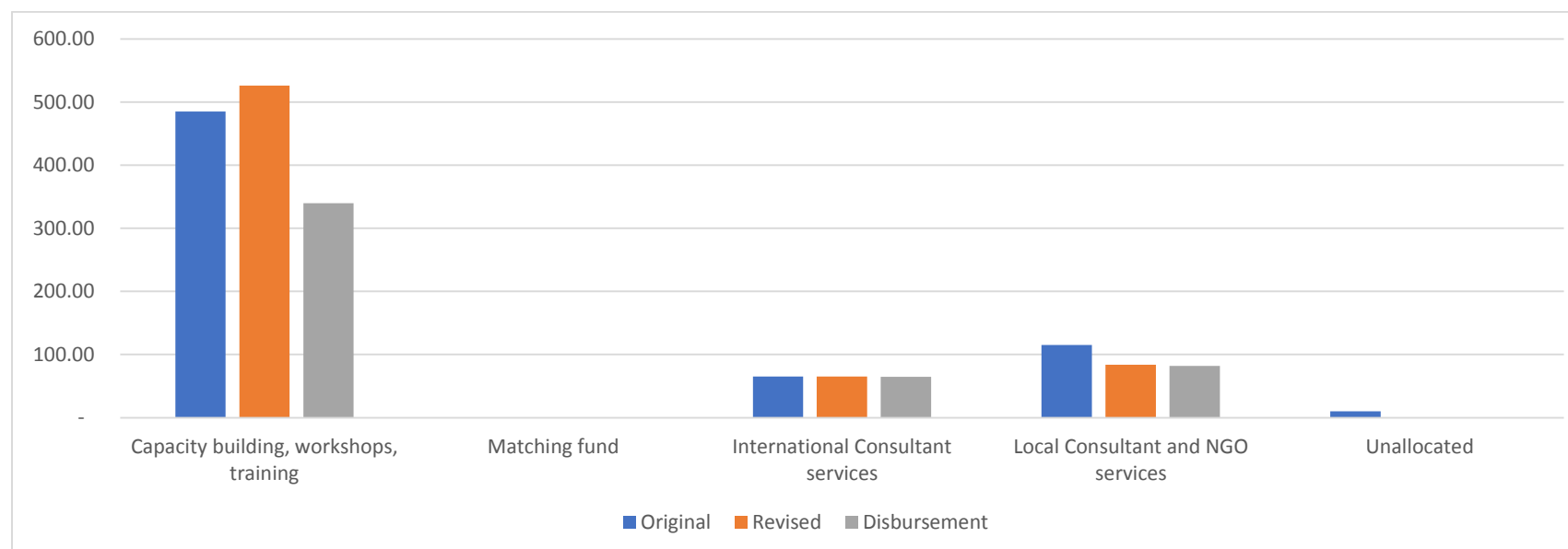


Figure 2: IFAD grant disbursement, comparisons between original and revised allocations and actual disbursement



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Appendix 2: Physical progress measured against AWP&B

Mission Dates: 19 -28 March 2018
Document Date: 19/07/2018
Project No. 1100001509
Report No. 4743-ID

Asia and the Pacific Division
Programme Management Department

Appendix 2. Phisycal Progress Measured Against AWPB 2017 Including RIMS Indicator Up to Desember 2017

Component / Sub-component or Output	Indicator	Unit	Period: 01-01-2017 to 31-12-2017			Cumulative Actual (2011-2017 Des)	Appraisal Target	%
			AWP&B	Actual (Des 2017)	%			
Component 1 : Community Development and Gender								
1. NGO recruitmen	Nb. Of NGO recruited	Number	2	2	100	2	2	100
2. Capacity Building of SOLID Distric team, PPLs and LSMs								
a. ToTs: Refresher trainings + follow up								
- Phase II guidelines and procedures	Nb of Phase II guidelines & procedures training conducted	Number	11	11	100	11	11	100
- Community and Gender Analysis /a	Nb of Comm & Gender Analysis training conducted	Number	11	11	100	11	11	100
- Savings and Loans (principles and practice)	Nb. Of Saving & Loan training conducted	Number	12	12	100	12	12	100
- Workshop on saving and loan for SHGs	Nb. Of Workshop on Saving and loan for SHGs conducted	Number	11	11	100	11	11	100
Management and organization of federations (policy and planning)	Nb. Of Mgmt & Org of Fed training conducted	Number	12	12	100	12	12	100
Federations - Learning and best practice integration	Nb. Of Package Fed-Learning and best practise integration conducted	Package	1	1	100			
b. Training for PPLs and LSMs + follow up								
Phase II guidelines and procedures	Nb of Phase II guidelines & procedures training conducted	Number	11	11	100	11	11	100
Community and Gender Analysis /b	Nb of Comm & Gender Analysis training conducted	Number	11	11	100	11	11	100
Training for Village Facilitator								
- Training / Workshop for VITs	Nb. VITs training/workshop conducted	Number	10	10	100	10	11	91
3. Capacity Building of SHGs and Federations								
- Exposure Study /Comparative study	Nb. of Villages covered by Exposure Study/Comparative Study	Village	220	220	100	220	224	98
5. Savings and Loans for SHGs								
- S&Ls for new groups in existing villages (MF)	Nb. new groups of SHGs in existing Villages covered by MF	Groups	204	204	100	153	224	91
- S&Ls for for the rest existing SHGs (Revolving Fund (RF)	Nb. The rest existing of SHGs covered by RF	Groups	285	214	75	214	224	96
Component 2 : Support for Agriculture Production and Marketing								
1. Food Crops Farming System Improvement -five key crops								
a. Crop production training								
- Field day (1 day, 25 pp, 5 per crop per village, 3 per crop cycle) /f	Nb. Of village covered by Field day	village	220	220	100	86	224	38
- FFS training (1 day, 2 pps, 3 per year) /g	Nb. Of village covered by FFS training	village	220	220	100	86	224	38
- Extension officer skills refresher (1 day, 2 pp, 3 per year) /h	Nb. Of village covered by Extension officer skill refresher	village	220	220	100	86	224	38
- Training & extension materials /i	Nb. Of village covered by Training & Extension materials	village	220	220	100	110	224	49
- Farmers Apprenticeship	Nb. Of Package Farmers Apprenticesship conducted	Package	6	6	100			
- Field School of Estate Crops	Nb. Of Package Field School of Estate Crop conducted	Package	12	12	100			
- Field School of Food Crops	Nb. Of Package Field School of Food crop conducted	Package	16	16	100			
- Training of utility local recources materials	Nb. Of Package utility local resources materials training conducted	Package	21	21	100			
- Training on Local Food Processing	Nb.of Training on local food Processing conducted	Package	4	4	100			
- Demonstration of machinary and agriculture production and processing equipment	Nb. Of Package Demonstration of machinery & equip conducted	Package	36	36	100			
- Demonstration Plot	Nb Of Package Demonstration Plot conducted	Package	4	4	100			

Component / Sub-component or Output	Indicator	Unit	Period: 01-01-2017 to 31-12-2017			Cumulative Actual	Appraisal Target	%
			AWP&B	Actual (Des 2017)	%	(2011-2017 Des)		
- Centra business facilitation	Nb. Of Package Centre Business Facilitation training conducted	Package	30	30	100	21		
- Cross visit for Utilizing local resources by SHGs	Nb. Of Package Cross visit for Utilizing local resources by SHGs conducted	Package	67	67	100			
- Field School	Nb. Of Package Field School conducted	Package	21	21	100			
- Production house training for SHGs and Federation	Nb. Of Package Production House Training for SHGs and Federation conducted	Package	16	16	100			
b. Post-harvest trainings								
- Consolidated data base Crop marketing & farm business meeting (2 day, 45 pp)	Nb. Of Package Consolidated data base training conducted	Package	6	5	77			
- Agriculture production Crops house training for SHGs and Fed (1 day, 25 pp)	Nb.Of Package Agr prod haouse training for SHGs and Fed	Package	4	2	50			
- Agriculture Crop drying & storage training for SHGs and Fed (1 day, 25 pp)	Nb. Of Package Agric Crop Drying & Storage training conducted	Package	49	25	50			
c. Extension officer skills refresher (1 day, 5 pp)	Nb. Of Package officer skills refresher training conducted	Package	11	11	100			
d. Crops production business meeting								
- Crop production business meeting	Nb.Of Package crop production business meeting conducted	Package	59	59	100			
- Village Implementaion Teams (VITs) skill training/workshop	Nb. Of Package VIT skill training/workshop conducted	Package	10	10	100	10		
e. Documentation and publication agric production and marketing	Nb. Of Package Doc and publication Agric Prod and marketing provided	Package	5	5	100			
f. Workshop Mapping agriculture production and marketing linkage	Nb. Of Workshop Mapping Agric prod and marketing linkage conducted	Package	6	6	100			
- Improved seed - organized by PPL	Nb. Of village covered by improved seed	village	220	220	100	119	224	53
- Fertilizer	Nb. Of village covered by fertilizer	village	220	220	100	119	224	53
Pesticides/herbicides - subject to due diligence	Nb. Of village covered pesticides/herbicides	village	220	220	100	119	224	53
g. Production equipment & facilities								
- Mobilization Equipment for Village Business Centre	Nb. Of Package Mobilization Equipment for Village Business Centre provided	Package	11	6	50	6		
- Production Equipments for Village Business Centre	Nb. Of Package Prod Equipments for Village Business Centre provided	Package	8	4	50	4		
- Procurement of three wheel vehicle (4 units)	No Of Package three wheel vehicle provided	Package	10	10	100	10		
- Procurement of long boat (2 units)	No Of Package long boat provided	Package	1					
- Infrastructure for SHGs	No. of Package Infrastruktur for SHGs provided	Package	2	1	100			
- Sea Transportation means	No. of Package Sea Transportation means provided	Package	12					
- Village Business Centre	No. Of Package village business centre (BC) constructed	Package	16	8	50	8		
- Postharvest mobilization equipment	No. Of Package Post harvest mobilization equipment provided	Package	7	4	50			
- Equipment (depends on crops) /n	Nb. Of Package Equipment provided	Package	10	5	50			
- Production houses for business centre	Nb. Of Package Production Houses for BC constructed	Package	6	3	55	3		
- Business centre equipments for Cultivation and Processing	Nb. Of Package Equip for Cultivation & Process provided	Package	54	53	98	27		
- Revolving Fund for Businesss Centre Units	Nb. Of Package RF processing provided	Package	1	1	100	1		
- Business Centre Infrastructure	Nb. Of Package Business Centre Infrastructure constructed	Package	29	16	50	16		
- Planning and Supervision Service	Nb. Of Package Planning and Supervision service conducted	Package	1	1	100			
- Fresh water procurement	Nb. Of Package Fresh water procurement provided	Package	1					

Component / Sub-component or Output	Indicator	Unit	Period: 01-01-2017 to 31-12-2017			Cumulative Actual	Appraisal Target	%
			AWP&B	Actual (Des 2017)	%	(2011-2017 Des)		
- Media & promotion for Business Centre	Nb. Of Package Media & promotion for Business Centre provided	Package	1	1	100	1		
- Mobilization tools for Business Centre	Nb. Of Package Mobilization tools for Business Centre provided	Package	6	3	50	3		
- Warehouse for Agricultural product storage	Nb. Of Package Warehouse for Agricultural Product Storage Provided	Package	4	2	50			
h. Post Harvest Facilities & Equipment								
- Halal label from MUI and Health Certificate	Nb. Of Package halal label from MUI & health certificate	Package	6	3	50	3		
- Design and procurement of Packaging	Nb. Of Package Design and proc of Packaging provided	Package	6	6	100	6		
- Outdoor promotion	Nb. Of Package Outdoor promotion provided	Package	1	1	100			
3. Food Crops Access Roads and Irrigation Water (all crops)								
- Contestable grants for access roads and irrigation schemes	Nb. Of Village covered by Contestable grants for access roads and irrigation schemes constructed	village	182	98	54	98	224	44
- Infrastructure for SHGs	Nb. Of Village covered by Infrastructure for SHGs constructed	village	200	100	50	100	224	45
4. Monitoring Value chain development	Nb. Of Package Monitoring value Chain Development conducted	Package	2	1	100			
5. Estate Crops Farming System Improvement -three key crops								
a. Crop production training								
- Field day (1 day, 25 pp, 1 per crop per village, 3 per crop cycle) /q	Nb of Village covered by Field Day	village	220	110	50	110	224	49
- FFs training (1 day, 2 pps, 3 per year) /r	Nb. Of Village covered by FFs training conducted	village	220	110	50	110	224	49
- Extension officer skills refresher (1 day, 2 pp, 3 per year) /s	Nb. Of Village covered by Extension officer skills refresher	village	220	110	50	110	224	49
b. Post-harvest trainings								
- Extension officer skills refresher (1 day, 5 pp)	Nb. Of Village covered by Extension officer skill refresher	village	220	110	50	110	224	49
c. Production equipment								
- Depends on crop	Nb. Of village Prod Equipment (depend on crop) provided	village	220	110	50	110	224	49
- Extension materials/z	Nb. Of village Extention material provided	village	120	60	50	110	224	49
Component 3 : Support for Estate Crops Value Chains /aa								
1. SOLID Support for Federations to assist function of LVCs /bb								
a. Training for VCOs - commercial focus, business management, etc. (1 VCO per Federation) /cc								
b. Training for Federation members (commercial focus on LVCs) - "down-stream" support /dd								
c. Establishment and operation of Federation offices								
- Office equipment and furniture	Nb. Of Package office equipment & furniture provided	pack	12	9	75			
- Measurement equipment	Nb. Of unit Measurement equipment provided	unit	13	9	75			
- Storage building	Nb. Of unit Storage building constructed	unit	13	7	55			
- New/ refurbished offices	Nb. Of unit New/refurbished offices constructed	unit	12	7	55			
- Production house	Nb. Of Package Production house constructed	pack	7	4	55			
- Kiosk/Display Building	Nb. Of unit Kiosk/Display Building constructed	Unit	4	2	55			
- Matching Fund for Federation	Nb. Of Federation covered by Matching Fund provided	Fed	13	13	100			
2. SOLID Support for Farmers Engaging with LVC Traders - 3 crops /ff								
b. Workshop quality control Agric. Product in central business	Nb. Of Package Workshop quality control Agric Prod conducted	Package	6	3	50			

Component / Sub-component or Output	Indicator	Unit	Period: 01-01-2017 to 31-12-2017			Cumulative Actual (2011-2017 Des)	Appraisal Target	%
			AWP&B	Actual (Des 2017)	%			
3. Monitoring and coordinating Estate crop Value chain	Nb. Of Package Monitoring and coordinating Estate crop Value Chain conducted	Package	4	2	50			
4. Business institutional building in villages		Package	2	1	50			
- Matching Fund for Federation to Support Business Centre	Nb.of Package MF for Federation to support Business Centre provided	Package	4	4	100	4	4	100
- Production house for Village Busines Centre	Nb. Of Production house for Village Business Centre constructed	Package	4	2	55	2	2	100
- Business Centre Infrastructure for Cultivation and Processing	Nb. Of Package BC Infrst for t cultivation and processing constructed	Package	7	3	50	7	7	100
Component 4 : Institutional Strengthening and Project Management								
Inndividual Consulting recruitment –Procurement Specialist. (Nat)	Nb. Of Persons signed contract	Persons	1	1	100	1	1	100
<i>Consulting Firm Recruitment:</i>								
-Team Leader (Nat)	Nb. Of Persons signed contract	Persons	1	1	100	1	1	100
-VC & Marketing specialist (Prov)	Nb. Of Persons signed contract	Persons	1	1	100	1	1	100
-Capacity Building and Gender specialist (Prov)	Nb. Of Persons signed contract	Persons	2	2	100	2	2	100
-Food Crop specialist (District)	Nb. Of Persons signed contract	Persons	11	11	100	11	11	100
-Estate Crop specialist (District)	Nb. Of Persons signed contract	Persons	11	11	100	11	11	100
-Finance specialist (Nat)	Nb. Of Persons signed contract	Persons	1	1	100	1	1	100
-TI specialist (Nat)	Nb. Of Persons signed contract	Persons	1	1	100	1	1	100
Individual Consulting Monitoring and Evaluation (Nat)	Nb. Of Persons signed contract	Persons	1	1	100	1	1	100
Individual Consulting Project management (Nat)	Nb. Of Persons signed contract	Persons	1	1	100	1	1	100
Study on SOLID Asset and Database Inventarisation (Nat)	Completed report	Package	1					
English course for SOLID staff (Nat)	Nb. Of Package English course conducted	Package	1	1	100	1	1	100
Translator Staff recruitment (Nat)	Nb. Of Persons signed contract	Persons	1	1	100	1	1	100
Consolidation SOLID 2017 activity meeting (Nat)	Nb Of Package Consolidation SOLID 2017 meeting	Package	1	1	100	1	1	100
Planning Workshop SOLID FY 2018 (Nat)	Nb Of Package Planning SOLID workshop FY 2018	Package	1					
Financial and Asset Workshop (Nat)	Nb of Package Financial SOLID workshop	Package	1	1	100	1	1	100
Integration of SOLID actvity workshop (90 Persons) . Nat	Nb. Of Package Integration SOLID activity workshop	Package	1	1	100			
Wrap-up Meeting of IFAD Supervition 1 (Nat)	Nb. Of Package Wrap up meeting of IFAD Supervition 1	Package	1	1	100			
Wrap-up Meeting of IFAD Supervition 2 (Nat)	Nb. Of Package Wrap up meeting of IFAD Supervition 2	Package	1					
Monitoring and Evaluation SOLID meeting (Nat)	Nb. Of Package M & E SOLID Meeting	Package	1	1	100			
Annual Outcome Survey (AOS)	Nb of AOS conducted	Package	1	1	100			
a. Knowledge Management - publication Lesson learn	Nb of event Knowledge Mgmt-public lesson learn meeting	event	2	2	100			
b. Data Asset consolidation workshop in province	Nb Of Package Data Asset consolidatioan workshop in province	Package	2	2	100			
c. Consolidation of Production and marketing information and data base meeting	Nb Of Package consolidation of Prod, marketing , database meting	Package	2	2	100			
d. Farm Business meeting	Nb. Of Package farm Business meeting	Package	2	1	50			
e. Printing of materials								
- Printing of Record Books SHGs	Nb Of Package printing of record books SHGs	Package	10	6	62			
f. Documentation and publication								
- Exhibition	Nb. Of Package Exhibition conducted	Package	12	12	100			
- Outdoor media promotion	Nb Of Package Outdoor media promotion	Package	1	1	100			
- Leaflet	Nb Of Package leaflet material	Package	2	2	100			
- Booklet	Nb. Of Package booklet	Package	2	2	100			
g. Reward of SOLID performance	Nb. Of Package Reward of SOLID Performance	Package	12	6	50	6		

Component / Sub-component or Output	Indicator	Unit	Period: 01-01-2017 to 31-12-2017			Cumulative Actual	Appraisal Target	%
			AWP&B	Actual (Des 2017)	%	(2011-2017 Des)		
h. Knowledge Management *								
- Quarterly learning events at District level	Nb of Events Quarterly learning at district level	Events	44	24	55			
i. Meeting expenses								
- Procurement procedures	Nb of workshop procurement procedures	Workshop	1	1	100			
- Planning meeting	Nb. Of Planning meeting	Meetings	11	11	100			
- Monthly Meeting	Nb of Monthly meeting conducted	Meetings	156					
j. Coordination Quarterly Meeting	Nb. Of Quarterly meeting conducted	Meetings	35					
- Blocking space media	Nb. Of Package Blocking Space media conducted	Package	1	1	100			
- Outdoor publication	Nb. Of Package Outdoor Publication provided	Package	1	1	100			
- Six-monthly and Annual Meeting	Nb. Of Package Six monthly and Annual meeting	Package	26	22	22			
- Coordination Technical team Meeting	Nb. Of Coordination Technical meeting conducted	Meetings	22	11	50			
- ME consolidation meeting	Nb. Of Package M&E consolidation meeting conducted	Package	1	1	100			
- Financial consolidation meeting	Nb. Of Package Financial consolidation meeting conducted	Package	1	1	100			
- Follow up IFAD supervision meeting	Nb. Of Package follow up IFAD supervision meeting conducted	Package	1	1	100			

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Appendix 3: Compliance with legal covenants: status of implementation

Mission Dates: 19 -28 March 2018
Document Date: 19/07/2018
Project No. 1100001509
Report No. 4743-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 B. 6	There will be two designated Accounts (US\$) at the Bank of Indonesia – 1 for the loan and 1 for the grant	Disbursement	Complied	Two Special Accounts have been opened in Bank of Indonesia.
Section C. 4	The Project Completion Date shall be 7 years and 6 months from the date of entry into force of this Agreement.	Currently 31 December 2018	Not due yet	
Section E. 1	The Agency for Food Security (AFS) shall prepare and issue Project Implementation Manual.	90 days of the date of entry into force of the Agreement	Complied	
Sch. 1 – I .1	Target Population. The Project shall benefit approximately 49,500 farm households in 11 districts in Maluku (5 districts) and North Maluku (6 districts) (the “Project Area”). The target group consists of smallholder farmers engaged in tree and food crop production. The Project will specifically target woman-headed households and poor indigenous and immigrant communities.	On-going	Complied	2011 to 2013 have been targeted following the agreed criteria. During MTR, the target number of villages had been reduced to be more focused.
Sch. 1 - II .1	<ul style="list-style-type: none"> a) Establish a NSC b) Establish NPCO c) Establish 2 PTEC d) Establish 2 PPCO e) Establish 11 DTEC f) Establish 11 DPIO 	Entry to force	Complied	PTECs and DTECs function informally but not effective yet

Sch. 1- II. 3 and GC 7.11	<p>(a) Project staff will be appointed following a transparent competitive process</p> <p>(b) The PCs and Managers shall not be changed without good reason</p> <p>(c) General all Project staff should be maintained in Project positions for at least 3 years unless there are pressing reasons to move them</p>	On-going	Complied	<p>At the district and provincial level</p> <p>Most posts are held concurrently with core assignments – there have been some changes of project staff due to change of the Bupati and/or change of the head of implementing agencies.</p> <p>.</p>
Sch. 2 (b) 1	Matching Grants will be used for expanding Group Revolving Funds with criteria to be clearly stated in the PIM	Approved PIM	Complied, Need to develop simple guidance/manual book for managing Matching & Revolving fund.	<p>Because of some changes as recommended during MTR and to be in accordance with the new MoF regulation,, PIM and/or guidelines need to be revised accordingly.</p> <p>The mission noted there's lack of guidance at Village Group to managed various funds, it's including but not limited financial management, loan-saving and loan agreement with VG member.</p>
Sch. 2 (b) 2	Start-Up costs expended from entry into force (4 July 2011) and eligibility for withdrawal (approved AWPB and PIM) shall not exceed US\$ 500,000 equiv	Approved PIM	Complied	
GC 7.01	The Project will be implemented on the basis of AWPB, the draft of which will be submitted to IFAD by 31 October of each year	31 October each year	Complied, but with some delays have occurred on both GOI and IFAD sides	<p>The AWPBs usually are lower than the Costab and submitted to IFAD after annual budget is approved in December.</p> <p>2019 AWPB should be submitted soon to IFAD.</p>
GC 7.02	Project Accounts at the Provincial and District levels will be operated in accordance with the relevant laws and rules and regulations of GOI	On-going	Complied	

GC 7.05	Procurement shall be carried out in accordance with GOI regulations to the extent they are consistent with the IFAD Procurement Guidelines	On-going	Complied. Needs further assistance from SOLID NPMO to observe procurement process at sub-national level.	Main issue with procurement is the slow processing by bidding committees who do not fully understand IFAD procurement guideline, and similarly the need to rely on FSA/Dinas procurement units at all levels
GC 7.13	Ensure that the resources and benefits of the Project are allocated amongst the target population using gender disaggregated methods	On-Going	Complied	The gender target of min 30% women participation exceeded.
GC 7.14	The Project will apply best practice with regard to environmental matters and respect the GOI Global warming policies	On-Going	Complied	Initial agronomic work appears sensible
GC 8.02	The Project shall establish and maintain an appropriate MIS	31/12/2011	Partly complied, not yet fully in place	Some work still needs to be done to have an effective system in place.
GC 8.03	A Mid-Term Review (MTR) to be carried out jointly by the Borrower and IFAD.	31/12/2013	Complied. MTR conducted during 2-20 June 2014.	Some changes in Project components and activities, also in the number of target villages was reduced
GC 9.02	Detailed financial statements to be submitted to IFAD annually	30/4 each year	Complied	Delays on submission was noted in previous missions. The quality of financial statements need to be improved.
GC 9.03	Acceptable annual audit report and management letter	30/6 each year	Complied, with some delays.	2011 – 2014 audit reports were submitted with some delays. 2015 and 2016 audit report was submitted on time with unqualified opinion. There are ineligible expenditure from audit findings FY 2011-2016 that has agreed to refund to IFAD
GC 11.01	Project to be exempted from all import duties, excise taxes and value added tax (VAT) on investment expenditures	On-going	Complied	