

## **Republic of Indonesia**

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### **Smallholder Livelihood Development Project in Eastern Indonesia**

#### **Supervision report**

#### **Main report and appendices**

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## Abbreviations and acronyms

APLs	Agriculture Production Loans
AHW	Animal Health Worker - not included in post MTR
AOS	Annual Outcome Surveys
APRFs	Agriculture Production Revolving Funds
AWPB	Annual Work Plan and Budget
CEWs	Community Extension Workers - not included in post MTR
Demplots	Agriculture Demonstration Plots
DPIUs	District Project Implementation Units
DVCPs	District Value Chain Plans
FFs	Farm Facilitators
FFSs	Farmer Field Schools
Gol	Government of Indonesia
HHs	Households
IDR	Indonesian Rupiah
IFAD	International Fund for Agriculture Development
LVCs	Long Value Chains
MOU	Memorandum of Understanding
MTR	Mid Term Review
NGOVFs	Non-Government Officer Village Facilitators
NPMO	National Project Management Office
O&M	Operations and Maintenance
PDR	Project Design Report
PTLs	Gol- employed Extension Workers
PPCO	Provincial Project Coordination Office
PPLs	Contract Extension Workers
PRA	Participatory Rural Appraisal
SOLID	Smallholder Livelihood Development Project
SHGs	Self-Help Groups
SMSs	Subject Matter Specialists
SVCs	Short Value Chains
VCOs	Village Commercial Officers
VITs	Village Implementation Teams



## **A. Introduction<sup>1</sup>**

1. The Smallholder Livelihood Development Project in Eastern Indonesia (SOLID) is jointly funded by an IFAD loan of USD49.11 million, an IFAD grant of USD1.08 million and a contribution by the Government of Indonesia of USD14.81 million. SOLID was approved by IFAD's Executive Board in May 2011 and the loan closing date is 31 July 2019.

2. The objective of the project is to improve livelihoods (incomes and food security) and reduce the incidence of poverty for people in the 224 targeted villages in both Maluku and North Maluku. The mid-term review (MTR) proposed a revised project design to move focus away from an infrastructure and value chain focus towards a more integrated approach involving self-help groups (SHGs) being trained to engage in food production activities for home consumption and local market sales. In addition, the engagement with longer value chains for the 3 major commodity crops (cacao, coconut and nutmeg) will be developed. By removing a stand-alone infrastructure component, the MTR reduced the number of components to four: (i) Community Development and Gender; (ii) Support for Agriculture Production and Marketing; (iii) Support for Estate Crops Value Chains; and (iv) Project Management. The post MTR expected outcomes are: (i) communities with enhanced capacity for household (households) food security and agriculture income planning; (ii) households with more food and cash crops available for both home consumption and/or sale; (iii) increased household incomes from sales of 3 selected estate crops (coconut, cacao and nutmeg); and (iv) effective implementation and monitoring. The MTR classified SOLID as a problem project.

3. The mission objective was to assess the project performance since the MTR and to provide guidance in implementing the MTR recommendations. The mission visited two districts (SeramBagian Barat in Maluku and Central Halmahera in North Maluku) and two villages in each district - in Maluku (Tihulele and Hualoy Villages) and in North Maluku (Loleo and Sosowomo Villages) to review project activities on the ground and to consult with local stakeholders and partners. The mission met with the Deputy Governor of Maluku, the Governor of North Maluku and the Vice-Regent of Central Halmahera District. The 12 day mission comprised 6 days field work with a kick-off meeting on 16 March, and a wrap up meeting on 27 March 2015. Both meetings were chaired by the Director of Food Security Agency and attended by officials from Bappenas, Ministry of Finance, Ministry of Agriculture Planning Section, as well as by both Provincial Supervisors and the 11 District Managers and the two NGOs.

## **B. Overall assessment of project implementation**

4. The overall assessment of project implementation is moderately satisfactory (4). With implementation gaining momentum, the project has improved the likelihood of achieving its development objectives. The mission observed encouraging improvements in implementation and management since the MTR in June 2014. In addition, disbursement rates have significantly improved since MTR – in fact total disbursement has doubled over the last 7 months. With regard to outstanding activities such as procuring technical assistance, this process is being actively managed. A further improvement in performance can therefore be expected.

5. The mission noted that project implementation appears to be progressing more rapidly in North Maluku. As such, the National Project Management Office (NPMO) should provide intensive support to Maluku province to ensure that both provinces achieve the project objectives. Senior government officials in Maluku province need to be aware of SOLID and its activities and ensure that local staff dedicate sufficient time for the SOLID implementation. The meetings with senior officials during the mission were an important first step but continuous follow up will be required.

6. The MTR identified 11 key areas that needed to be addressed as a matter of priority. As at 26 March 2015, the NPMO has completed five of those tasks, partially completed another five while one

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<sup>1</sup> Mission composition: Ron Hartman, Country Programme Manager, Tony Ryan, Team Leader, Sarah Hessel, Programme Officer IFAD, Sumaryo Soemardjo Financial Management and Procurement.

agreed action has not been completed. The five completed tasks include: (i) recruitment of an NGO in each province; (ii) NPMO Director and his Management Adviser established a national working group; (iii) review completed of all SHGs & Federations – including activity, membership, matching funds balance, quality, etc; (iv) recruitment of a value chain specialist; and (v) revision of the Project Implementation Manual (PIM). Ensuring component 1 activities are well implemented i.e. preparation of SHGs for active engagement with component 2 must be prioritized during 2015. Similarly, component 2 training activities i.e. field schools and demonstration plots for the five identified major crops should be another very important focus in 2015.

7. The recruitment of technical consultants to support provincial and district implementation is continuing. Discussions with the NPMO staff and procurement consultant indicate this process is likely to take a further 4 months. This is now delaying a number of AWPB training activities and is a matter for concern. This issues required prioritization by both Government and IFAD.

8. Agriculture extension workers (PPL) continue to provide sound support to the Project. The mission observed that they are generally collaborating well with the newly recruited Village Facilitators (VFs), demonstration plots are broadly functioning but generally without clear linkage to the SHG production plans and are generally focussed on cash crops rather than the five major food crops. Despite this, in some villages the majority of SHG members are using the component 1 matching fund to introduce new technology at their homesteads – resulting in significant improvements in household incomes – frequently by 100% as indicated in the mid-term impact assessment.

## **C. Outputs and outcomes**

9. **Component 1: Community Development and Gender.** The outcome of this component is communities with enhanced capacity for household food security and agriculture income planning. The performance of component 1 has been moderately satisfactory (4).

10. Component 1 seeks to establish, train and prepare SHGs for effective engagement with the support for agriculture production and marketing under component 2 and ultimately the support for estate crops value chains under component 3. While the first critical step in this respect is the appointment of NGOs to support implementation in both provinces, has been achieved (facilitation staff were fielded in August 2014 and have begun work in each village), the mission has concerns about the need for deeper, more comprehensive and effective engagement with SHGs. The village facilitators (VFs) required improved understanding of their 4 key tasks – specifically: (i) formation and strengthening of SHGs, (ii) crop production and enterprise planning, (iii) training and supervision of matching funds management by SHGs; and (iv) M&E of component 1 activities. Currently, most VFs are actively engaged in formation of new SHGs, and are doing their best with capacity building in financial recording and management of matching funds. But, VFs have not yet engaged in the other two important tasks of (i) production planning (with the PPL) and (ii) monitoring of component 1 implementation (because M&E not yet operational). The mission notes that production planning is made considerably more difficult by the fact that there can be a number of crops and enterprises within one SHG. In addition, the mission also notes that because VFs are being paid on the basis of reporting quality rather than performance, too much NGO management focus is on reporting rather than implementation quality. The mission regards the participation of women in SHGs as good – in both numerical terms and quality of engagement. Approximately 34% of VFs in Maluku and 19% in North Maluku are women however the mission notes that there remains an under representation of women in management roles at all levels.

11. **Component 2: Support for Agriculture Production and Marketing.** The outcome of this component is households with more food and cash crops available for both home consumption and/or sale. The performance of this component is assessed as *moderately satisfactory*(4).

12. Component 2 focuses on increasing village food and cash crop production and is comprised of two sub-components: 2.1 food crop production; 2.2 local market linkages. Along with cash crops (e.g.



vegetables), component 2 will focus on 5 major crops (upland and paddy rice, maize, roots, legumes and tubers (cassava, sweet potato, etc.).

13. Sub-component 2.1 (Food Production) has three key features: (i) improving farming systems through intensive and repetitive food crop production training; (ii) the provision of agricultural production loans (APLs) as revolving funds; and (iii) provision of small scale equipment and infrastructure to support food production. Farming systems improvement will be achieved by training in Farmers Field Schools (FFS) using the village demonstration plot at the teaching focus. In each village, each relevant crop will require a demonstration plot and associated Farmers Field Schools (FFS) – this is the responsibility of the PPL, supported by district technical staff and consultants (when they are eventually fielded). As yet, there has been no training in extension techniques or agriculture technology provided to the PPLs. The mission observed a number of functioning demonstration plots but there appears to be little FFS activity or strategy to promote adoption at this stage. Further, the current focus of demonstration plots is oriented towards enhancement of existing crop productivity rather than the promotion of diversification and introduction of new crop opportunities. As the training activities are intended to facilitate more effective investment by groups prior to the release of APLs, the mission regards this and all other pre-conditions for APL release as priority activities in 2015.

14. APLs will provide financial support to facilitate increased production of new and existing food and cash crops but prior to their release two key support documents are needed by PPLs – namely the PIM and the Revolving Fund Management Manual. The village wide participatory rural appraisal exercises, which outline village agricultural production characteristics (including access to water, soil type, cropping patterns; livelihood patterns including main sources of income, vulnerability and risk management; and market access for inputs and outputs) have been completed

15. The PPLs (with VF and District support) will work closely with village facilitators to ensure each SHG prepares individual SHG production plans (basically a business plan). The outputs from this activity should be an agreed detailed production plan that outlines inputs (technical, financial), expected gross margins and a schedule for loan repayments. These SHG plans are a milestone and pre-condition for accessing component 2 production funds (APLs), farm equipment and agriculture related infrastructure. The purpose of the SHG production plan is to ensure prudent and wise use of SOLID project resources.

16. The mission also observed that clarification is required related to the role of federations as defined in the MTR. In SOLID phase 2, federations have two important roles: (i) to maintain all village infrastructure constructed during phase 1 – including ensuring preparation of a financially sustainable operation and maintenance plan; and (ii) to continue to operate the phase 1 matching grant funds. Loans made from the Federation Fund (FF) will be available to support any SOLID SHG. FFS must be run in accordance with SOLID FFS guidelines and be subject to Village Head and VF quarterly review.

17. However, the implementation of sub-component 2.1 is behind schedule. It was planned that by early 2015, PPL skills would be upgraded with training in food crop production, post-harvest management; and extension techniques. This training has not been forthcoming because crop consultants are required to draft the content of these training courses and extension materials are not yet recruited and are unlikely to be in place by mid-2015. In the meantime this training should be planned and delivered by district technical staff.

18. Sub-component 2.2 (Local Market Linkages) delivers the same package of support activities as sub-component 2.1 above, but with a focus on the sale of cash crops and/or value-added products in local markets (i.e., short value chains). Sub-component 2.2 is applied only after farmers reach a level of food self-sufficiency and have opportunity to sell surpluses in local markets. Many pre MTR SHGs have already reached this stage and are experienced in sales of cash crops and local value added of products. These very simple and short value chains typify what sub-component 2.2 aims to support with provision of additional technical skills and financial resources.

19. APLs will also be used to support sub-component 2.2 activities under conditions identical to those applying under sub-component 2.1. Because this sub-component will market the crop surpluses

from sub-component 2.1, APL funds will be released after a first release of APL funds under sub-component 2.1. Implementation of sub-component 2.2 faces the same constraints as sub-component 2.1 – namely; (i) lack of Revolving Fund Management manuals; (ii) no in-service training for PPLs; (iii) no district PIU level consultants; and (iv) inadequate SHG book and record keeping skills.

20. **Component 3: Support for Estate Crops Value Chains.** The outcome of this component is increased household incomes from sales of 3 selected estate crops (coconut, cacao & nutmeg). The performance of the component is *considered moderately satisfactory (4)*.

21. Expected post-MTR outputs for this component are: (i) up to 3 long value chains (LVC) assessed for feasibility to provide sustainable households incomes increases; (ii) farmers with improved market linkages and understanding of market requirements; and (iii) selected 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. Progress towards these has been slow due to delayed procurement of value chain specialists and limited service provider knowledge and capacity – meaning delayed start up for LVC opportunities.

22. The value chain feasibility studies of the 3 crops are the basis for the direction of future activities for each crop. A value chain specialist consultant has been recruited and the draft studies will be completed by end of May 2015. Project staff are already having preliminary discussions with possible private sector partners. Based on the VC assessment, public private partnerships (PPPs) with suitable companies will be piloted in each of the 3 selected commodities. Assuming feasibility in each crop, business plans will be developed and once prospective PPPs are established, scaling up to other districts can occur according to the business plan which will be similar in content to the SHG production plan in component 2.1. The mission observed good opportunities for LVCs in nutmeg and cocoa in Maluku Province. Coconut offers a range of potential products (fibre, oil, copra etc.) but challenges around input supply and transportation will need to be addressed.

23. For SHGs and federations to effectively facilitate a LVC, some adjustments to group composition is necessary. As per IFAD's experience with the READ Programme, groups should be formed around a common focus on one or two commodities only and phase 2 cooperatives could organically develop out of these groups. The mission observed that in some instances the phase 1 federations have assumed a range of roles from buyers of produce to serving as providers for tools, none of which they were originally intended to do. This needs to be rectified. The mission found SHG members to have limited understanding of calculating market returns with few groups yet running a profitable and sustainable business – in fact many are still using the matching funds to finance business working capital. Thus the mission believes business management, financial and technical skills need to be strengthened. Once the project's technical consultant team is recruited, they should train VFs in business skills to ensure they understand the concept and can communicate accordingly to farmers. Also when the project finance becomes available, it should be directed at development of these three commodities. The mission observed that the VFs and NGO district supervisors in North Maluku engage more frequently and follow a demand, market driven approach while this is much less apparent in Maluku Province. The North Maluku approach is resulting in much more active and profitable SHGs. The government and the NGO in Maluku should be up-skilled to achieve the same outcome as a matter of urgency.

Agreed action	Responsibility	Agreed date
<b>Component 1</b>		
Ensure all VFs receive intensive training to ensure clear understanding of their 4 key tasks – including revised TOR and workshops – with PPLs	NPMO & NGO	01.05.15
Review SHG formation criteria to have a single crop/enterprise focus.	NPMO, PPL and VFs with support from IFAD	01.07.15
Revise VF payments to focus on outputs, not reports.	NGO	01.05.15
Ensure NGOs' contracts have sufficient resources for District Supervisor visits to 6 villages/month, monthly meetings between VFs and District Supervisors in the District; and monthly meetings between the Provincial Coordinator and District Supervisors at the Province	NPMO/PPCO	01.07.15
<b>Component 2</b>		
PPL refresher training conducted and FFS curriculum prepared and provided to PPLs.	District Technical Staff	ASAP
Finalization and dissemination of (i) Revolving Fund Management; & (ii) Machinery Management Manuals.	NPMO	01.07.15
Preparation of a Phase 1 Federation Action Plan	NPMO	01.07.15
<b>Component 3</b>		
NGOs & consultants develop/deliver business management training modules for SHGs & federations.	NGOs	01.07.15

## D. Project implementation progress

24. **Project Management Performance** is assessed as *moderately satisfactory* (4).

25. Since the MTR in June 2014, the project management has made a concerted effort to improve the implementation performance of SOLID. Many of the key issues at MTR such as the delay in executing key procurement, recruitment of project staff, refinement of M&E system have been completed. The overall pace of implementation has also improved significantly as reflected by the upswing in disbursement, as further detailed below. Most pleasing has been the overall response to the MTR recommendations and approach by the project staff; there appears to be improved motivation and commitment from project staff and this bodes well for the future success of the project.

26. While NPMO management performance has significantly improved, further improvement is required at provincial and district level to implement the revised project design. This is especially the case in Maluku province where both government and NGO staff require further assistance to strengthen their understanding of the project.

27. There are a number of opportunities to further improve the project's performance, for instance reducing the turnover of key staff, and improving the cohesion in the project delivery between provinces, districts and villages. Project staff at all levels (Government and NGO) require an enhanced understanding of the post-MTR design and the synergies between project components. There is also currently variation in the level of engagement of staff at provincial and district levels, for example, the mission observed that some district managers are actively engaged but others are not. As already highlighted, the continuing lack of full time staff commitment at both province and district level is an important constraint.

28. **Coherence between AWPB and Implementation** is considered to be *moderately satisfactory* (4). While the NPMO has made good progress in addressing some of the key issues facing the project, more momentum is required in implementing the 2015 AWPB. For example, in 6 of the 11

districts (4 in Maluku and 2 in North Maluku), limited progress has been made in implementing 2015 planned activities. This requires rectification as soon as possible. One mitigating factor here is the delayed procurement of consultants – but despite this, there are technical teams in each district who should assist with AWPB delivery.

29. **Monitoring and Evaluation** is assessed as *moderately satisfactory* (4). The project has made some progress since the mid-term review in June 2014. For instance, at the time of the MTR the mid-term impact assessment was not available to the mission and progress reporting was limited. This has since been rectified. Since the MTR a revised M&E system has been developed and was reviewed by the mission. The project has been able to report performance data for output, outcomes and impact which will be collated and analyzed as a learning tool for project implementers at every level. The revised M&E system is deemed appropriate in terms of simplicity and functionality. Assuming these links are in place, the M&E system is ready for testing in one village per province and can then be fully operational on 1 June 2015 with first reports for June available on 7 July. While making the current draft M&E system operational will require commitment and a willingness to adjust data collection methods, the mission is optimistic of a successful outcome. Similarly, the draft PIM is written and about to be tested (also subject to review in English). It is planned that the revised PIM will be socialised in April and circulated for use in 1 May 2015.

30. **Gender Focus** is assessed as *satisfactory* (5). The project has gender targets including 50% of women participating in all project activities and 30% of leadership positions in SHGs and Federations held by women. As at the end of 2014, the women participation in SHGs in Maluku and North Maluku was at 51.9% and 51.8% respectively. Women's chairmanship of Federations are 40% in Maluku and 43% in North Maluku. In mixed SHGs, women comprise almost 50% of the membership.

31. The mission found women to be actively engaged in project activities under the different components. They are managing self-help group based enterprises, such as handicrafts, trading vegetables and processing of food products to be sold in the nearby market. As the project moves forward, it is important to continue mainstreaming gender in all activities, including value chain development, and that the women receive business training, and assess best results for optimizing input and output costs.

32. **Poverty Focus** is rated *satisfactory* (5). The post-MTR target group is drawn from the existing 224 villages. There is an above average poverty profile, and high food insecurity, with good potential for enhanced impact on local agricultural development and rural poverty reduction. In phase 2, the poverty targeting objectives changed to enable the near poor to participate. Given the average poverty rate of 58% this is considered justified, in part because better resourced, more educated farmers will support overall project uptake and engagement by very poor households. This however must be continually monitored by the project to ensure that the poorest households have priority to participate and benefit from the project.

33. **Effectiveness of Targeting Approach** is assessed as *satisfactory* (5). The project targeting approach involved three steps for the selection of villages and households were selected. The sub-districts and villages were initially selected if they had over 20% poverty rates and potential for improved agricultural productivity. Households were then selected after an extensive participatory planning process. Overall, SOLID has successfully targeted poor households and disadvantaged rural people, including women headed households.

34. One risk that the project will need to monitor is elite capture. The mission observed that in some villages there is risk that village leaders disproportionately benefit from the SHGs' work by acting as a middlemen for their produce after paying prices that were lower than those in nearby villages. For example in one village visited by the mission SHGs were receiving a cocoa price of IDR20,000/kg from village leaders whereas neighbouring village prices were IDR30,000/kg from traders.

35. **Knowledge Management, Innovation and Learning** is assessed as *moderately satisfactory* (4). The project is building knowledge through capacity building for government and NGO staff, and

project participants. These efforts should be strengthened by introduction of guidelines and manuals, as agreed during the MTR. There is also further opportunity for SOLID staff to undertake cross visits with other successful IFAD funded projects in the region, namely the Coastal Community Development Project (CCDP) and the Rural Empowerment and Agriculture Development Project (READ). These projects have real proven strengths in areas such as saving and loans, monitoring and evaluation, value chain development, and public and private partnerships. Although knowledge exchange is already occurring, the mission recommends that this be strengthened through information exchange and provision of documents, cross visits and training workshops. Where required funding could also be made available to hire key resource people from these other IFAD projects. The mission found that project participants require further capacity building, particularly in business development and technical aspects.

36. Currently, the main knowledge source project participants is the demonstration plots run by the PPL. The mission observed variation in the quality and objectives of the demonstration plots and uneven rates of adoption by group members. Best practices should be identified and documented for other PPLs to replicate. Exchange visits within the province could be organised to ensure the same standard throughout the project area.

37. The mission suggests the project management assess how knowledge exchange between the different management levels and partners can be enhanced and how the different information needs of the stakeholders involved in the project (project management, local government, district administration, farmers etc.) can be met. The project is currently working on a website and a database for M&E data and as such there are learning opportunities from the CCDP. The project offers the potential for a number of innovations, under the value chain and marketing but also under the self-help group activities. The NGO facilitators should also support project beneficiaries in identifying new opportunities to improve their livelihoods.

38. **Climate and Environment Focus** is considered as *satisfactory* (5). Through demonstration plots, farmers learn new methodologies and good agricultural practices, for instance effective use of fertilizer and pesticides, mixed cropping. This contributes to a better natural resource management. In some cases precision and organic agricultural practices are being promoted. The risk of environmental degradation through project activities is very low.

39. **Partnerships** are rated as *moderately satisfactory* (4). There has been some improvement in the partnership between different levels of government and between government and NGOs—especially between provincial and districts. At the field level, the project should continue to strengthen the partnership between PPL and VF. There are more opportunities to build partnerships with the private sector, particularly under component 3, which should be facilitated through the value chain analysis exercise currently being undertaken.

Agreed action	Responsibility	Agreed date
Initiate cross visits between high performing PPLs and VFs and their other district colleagues.	NPMO	01.07.15

## E. Fiduciary aspects

40. **Financial management** is assessed as moderately satisfactory (4). Since the beginning of the project there have been delays in the preparation and submission of Withdrawal Applications (WAs) resulting in the depletion of the special account (SA) balance of the loan fund. As a result, on 13 November 2014, the Ministry of Finance issued a letter to the State Treasury Offices to stop SOLID related payments until the Special Account was sufficiently replenished to finance further project expenditures. To finance the large amount of backlog expenditures, Ministry of Finance requested IFAD for an additional US\$3.0m deposit in the Special Account. This was agreed by IFAD and as a result, the Special Account can now be replenished up to US\$4.0m instead of the previous ceiling of US\$1.0m. Due to IFAD's quick response, the additional funds were received in the Special Account on

4th December, 2015, and payments from the State Treasury Offices resumed immediately. Hence, the disruption to payments was only for 21 days. The mission also notes that since MTR, there have been some senior staff turnover – especially heads of provincial Food Security (implementing) agencies, and provincial and district coordinators – resulting in delays in signing off project expenditure approvals – in Maluku, this was reported being up to 2 months. This situation must be actively monitored by the NPMO with any issues communicated immediately to the Ministry of Finance and IFAD for rectification.

41. During field work the mission reviewed the records of SHGs and federations, including cash books, saving, loan and repayment books. In general, these are maintained adequately, but in a few groups there were errors in adding and/or deduction of the transactions. This indicates that in a minority of project sites, the PPLs or VFs do not adequately check the books before they sign them off. Further, in some villages the members are given individual books to record the savings, loans and repayments, while in other villages, they are only recorded in the SHG cash book, meaning each member does not have an individual record of their savings and loans. In this respect, the roles of the PPLs and VFs are vital to help and support the SHGs members. The mission also found that in Tihulale village (Kab. Seram Bag. Barat), on receipt of their matching fund of IDR 18m, each groups was “obliged” to pay IDR 600,000 (US\$46) to the PPL. If this is correct, as a government employee, this is an illegal demand made by PPL and should be repaid.

42. **Disbursement** is rated as moderately satisfactory (4). The disbursement rate for SOLID is greater than or equal to 70% of the project disbursement profile for similar agricultural projects. At MTR, ideally disbursement should be about 50%. Despite the increased rate of expenditure since the MTR, the cumulative disbursements of the Loan and Grant funds as of 6 March 2015 are still low – see Table 1 below.

**Table 1: Loan/Grant Disbursement as of 06 March, 2015**

	Allocation ('000 SDR)	Disbursed ('000 SDR)	%	Balance ('000 SDR)	Balance ('000 USD)
<b>Loan</b>	30,300.0	9,406.5	31.0	20,893.5	31,183.6
<b>Grant</b>	675.0	98.5	14.6	576.5	860.4

Note: The disbursements include the initial deposits of SDR 2,701,316 and SDR 51,216 for the loan and grant respectively.

43. To date 27 WA's have been replenished by IFAD, with cumulative loan and grant disbursement being 31.0% and 14.6% respectively. The remaining balances in the Loan and Grant Special Accounts as of 14 March 2015 were USD 1,108,669 and USD 59,469 respectively. But, the mission notes that since the MTR, there has been an 87% increase in loan disbursement (from SDR4.96m. to SDR9.41m.) and a 92% increase in grant disbursement (SDR 51,200 to SDR 98,500) – this almost equates to the total project disbursements during the first 4 years of implementation. Total cumulative expenditures at 31 December, 2014 was about USD 17.345 million (USD 12.023 million from the Loan, USD 112,306 from the Grant, and USD 5.210 million from the Government counterpart budgets). Details of the project expenditures and disbursements are provided in Appendix 5.

44. The total approved 2015 budget (DIPA) is about USD 13.98 million (loan fund of USD 11.68 million, grant fund of USD 0.06 million and government counter fund of USD 2.24 million). Assuming that the budget realization will be 90% and further with the lag time required to prepare, submit and process the WA's, it is expected that loan and grant disbursements in 2015 will be about USD 8.76 million and USD 0.05 million respectively.

45. **Proposal for Amendment to the Financing Agreement.** After MTR changes in activities and project components were agreed and as such the current loan and grant allocations need to be

revised – this is under discussion with the government (FSA, Bappenas and MOF). To avoid over withdrawal of certain categories, the mission recommends that the discussion be finalized soon and a formal request from MOF be submitted to IFAD.

46. **Counterpart funds** are rated as *satisfactory (5)*. As shown in Appendix 5, the actual amount of government counterpart fund used to finance project expenditures as of 31 December, 2014 was about USD 5.21 million or 30% of the actual total project expenditures of USD 17.35 million, or 35% of the amount at appraisal of USD 14.81 million.

47. **Compliance with loan covenants** is rated as *moderately satisfactory (4)*. Out of 18 covenants, 14 are fully complied with, three are partially complied with and one is not yet due at the time of the mission. Details of loan covenants compliance are shown in Appendix 6.

48. **Procurement** is rated as *moderately satisfactory (4)*. The project has been adversely affected by delays in executing key procurement activities. After a long delay the critical recruitment of NGOs and management consultants, two provincial NGOs were finalized in August 2014. Procurement of the management consultants is continuing. Results of the technical proposal evaluation have recently been submitted to IFAD for issuance of No Objection Letter (NOL). Once this is issued, there is still further process to conduct combined technical and finance proposal evaluation, obtain NOL for the best proposal, negotiate and sign the contract, and finally mobilize the consultants. After discussions with the NPMO procurement consultant, this process is likely to take a further 4 months – i.e. July, 2015. The project should ensure that this process is expedited.

49. **Asset Register**. In accordance with government regulation, each implementing agency has made their respective asset registers, with each asset having an inventory code number.

50. **Audit** is rated as *moderately satisfactory (4)*. The audit reports for SOLID have been submitted within 90 days of due date and substantially comply with agreed terms of reference, IFAD guidelines and acceptable auditing standards.

51. The mission notes that although the 2011-2012 combined audit report was unqualified, it did highlight issues requiring attention, including: (i) weak or insufficient control resulting in discrepancies with the project manual and guidelines; (ii) low budget realization (62.7% in 2011 and 75.4%); (iii) insufficient supporting documents, without valid evidence, payment to incomplete works, and over payments of travel expenses which were not in accordance with the government travel regulations. As a result, a total of IDR 207,331,702 (US\$16,000) from 8 cases was repaid to the respective State Treasury Offices in that year. However, the 2013 audit notes that only IDR 35,000,000 had been repaid.

52. The 2013 audit found similar issues with IDR 282,710,305 (US\$21,800) (from 15 cases) – repaid to the State Treasury Offices. The auditor also found that most of the recommendations of the 2011-2012 audit report were not being adopted by the respective project implementing offices. Hence the cumulative outstanding amount still owed to State Treasury Offices by project implementing agencies is IDR 455,042,007 (US\$35,300).

53. Audit reports for 2011-2012 and 2013 were submitted to IFAD with slight delays. The mission was informed by the auditor (BPKP) that the 2014 audit has commenced. This needs to be submitted to IFAD by 30 June 2015. This audit report should review the recommendations that have not been followed up during 2012 and 2013. An audit log should be prepared by NPCO and should be updated annually, as shown in Annex (a).

Agreed action	Responsibility	Agreed date
PPLs and VFs be jointly trained on matching funds management & recording – based on a revised fund management manual.	Manual: NPCO; Training: PPCO, DPMO & NGOs	31.05.15
Accelerate and more regular submission of WAs to avoid depletion of Special Accounts	NPCO, MOF	Ongoing
Outstanding audit issues & payments be repaid to State Treasury Offices immediately, audit log should be prepared and updated annually	NPCO, PPCOs and DPMOs	30.04.15

## F. Sustainability

54. **Institution Building** is rated *moderately satisfactory (4)*. The village institutions supported under the project still require intensive support in order to achieve sustainability. There is wide variation in the quality of the approximately 1320 SHGs established by the SOLID. However, while some SHGs are functioning, others clearly lack cohesion and purpose. While there is clearly room for improvement, the mission notes some improvement since MTR – mainly due to the recent mobilization of the NGO VFs. A further 5 new SHGs will be added per village in 2015 and VF's are in the process of forming these new SHGs. There are 3 types of SHG in each village – all women, all men and mixed gender. Having SHG members with different crop or enterprise activities has potential to undermine focus and cohesion and make the preparation of production plans unduly complex. To enhance sustainability, productive potential and market access, and partnership opportunities with the private sector as well as to ease the facilitation challenge, the mission suggests revising the group methodology moving towards an approach based on common activities. SHGs still rely heavily on the support by the facilitator, particularly in terms of book keeping.

55. **Empowerment** is considered *satisfactory (5)*. Under the SOLID project poor rural women and men have been supported to develop and to strengthen their organizations and communities. They have gained some control over economic relations, natural assets and institutions. Group membership, has, for instance, given many project participants the confidence to express their needs and voice their concerns. For example, in one village, women requested the village chief to lower the rent for his vehicles. While at this point, it is the PPL or VF who negotiates with the traders, to ensure sustainability, beneficiaries should gradually take on this role themselves.

56. **Quality of Beneficiary Participation** is rated *moderately satisfactory (4)*. Quality of beneficiary participation varies across the project areas. In some villages, beneficiaries are actively participating and are driving the process, in others SHG activities are driven by the VF. Clearly this will need to change as SHG members and VFs alike gain in confidence. While the MTR reported SHG membership was falling, the mission observed renewed enthusiasm – probably linked to VF encouragement and the increased attention from project management. The mission also notes that when VFs and PPLs are working with SHG members to prepare production plans, existing skills and assets, as well as market demand should be taken into account.

57. **Responsiveness of Service Providers** is rated *moderately satisfactory (4)*. Importantly, the provincial NGOs have now been recruited and are in place. Since beginning work, the quality of NGO engagement relates to the individual VF skills and confidence. Generally, the requirements to deliver the outputs of component 1 are still not fully internalized by VFs. This should improve with better understanding of what is required and further training and support from their employer NGO. In addition, NGO employers are placing undue emphasis on reporting quality – at the expense of the VFs responsibilities to the SHGs.

58. **Exit strategy** (readiness and quality) is rated *moderately unsatisfactory (3)*. The project exit strategy is based on building sustainable village institutions, enhancing the technical and productive capacity of groups and households, diversifying farming systems and crops, and strengthening market access. The envisaged partnerships with the private sector under component 3 will assist in



strengthening technical support and building sustainable market linkages. SHGs have already been established and will be continuously strengthened. Improvements have been made in enhancing productivity and farming system approaches, and work is underway to build stronger market access. Steps towards facilitation of partnerships, particularly with the private sector have been identified under the respective component. A comprehensive exit strategy, ensuring the sustainability of project activities, should be developed.

59. **Potential for scaling up and replication** is rated *moderately satisfactory* (4). The project has made some progress since the MTR in June 2014 and is gaining some implementation momentum. The project has good potential for scaling up as there is great need and opportunity to implement similar activities in non-project districts and villages in Maluku and North Maluku. The project is positioned to translate its approach and/or innovations on a larger scale by government and there is an expectation from Government that SOLID can develop models which can be replicated further. This is contingent on the project demonstrating results. Successful interventions and impact should be well documented to facilitate scaling up.

## G. Other

60. **Physical/financial assets** is rated *moderately satisfactory* (4). Project activities have increased productivity and diversified income sources of beneficiary households, thereby making a positive impact on their physical and financial assets. According to the MTR impact survey, ownership of goods increased – TVs for example from 33% to 45%. 28% of households now own a motorcycle (15% at start-up), which in some cases is also rented out as income generating activity. The large majority (72%) is relying on farming as a main income but the survey shows, that non-farm activities, such as trading and handicrafts are starting to become additional income sources (4% and 3.5% respectively). Overall, 38% of respondents reported a rise in their incomes (8% reported a decrease). More emphasis needs to be placed on the access rights, as currently 85% of beneficiaries do not hold the legal rights to the land they are farming.

61. **Food security** is rated *satisfactory* (5). The project is significantly contributing to the food security in the project area by enhancing availability and access to food and by supporting investments such as improvements in infrastructure (roads, irrigation), adoption of improved farming methods and the use of technology, and the introduction of post-harvest technologies that generate added value. The MTR impact survey demonstrates first results: the hungry season experienced by beneficiaries decreased from an average of 4.4 months at project start-up to an average of 2.7 month and the majority of households indicated that they consume rice, fish, vegetables, oil, spices and sugar on a daily basis. 77% of respondents consume more than 1,800 calories per day (compared to 21 at start-up). The mission validated the surveys finding with several beneficiaries. It is expected, that the changes to the design made a MTR to focus productive activities on food crops in the first instance will further strengthen results in this area.

62. **Quality of natural asset improvement and climate resilience** is rated *moderately satisfactory* (4). While SOLID aims to improve farming systems and food productivity by introducing new and improved technologies, there is widespread awareness of the need for effective natural resource management and conservation – especially soil conservation. The project has promoted some multiple-benefit approaches, and there is some evidence of their expected long-term impacts. PPLs are aware of the risks associated with harmful chemicals and over-use of fertilizers. The mission is assured that there is sufficient awareness of the risks at this time.

## H. Conclusion

63. The mission is encouraged by the progress that SOLID has made since the MTR in mid-2014. The project has made significant efforts to complete long outstanding procurement of NGO and technical assistance, complete impact assessments and establish an M&E system, and most importantly, the improve management performance. While there are still important tasks to complete, the achievement of the NPMO in addressing many key tasks as outlined at MTR is commendable.

Perhaps the most important outcome of NPMO leadership is the successful introduction of the phase 2 design changes – especially the greater focus on food production and group quality. The mission is also pleased to note that (i) the two provincial NGOs have been contracted and staff deployed to district and village levels; and (ii) the significant increase in disbursement since MTR. However, if SOLID is to continue to increase the likelihood of the achievement of its development objectives, there remain some important issues to be addressed. Despite the good efforts at national level, there is insufficient commitment to SOLID implementation at provincial and some district levels. Some are clearly better than others in this regard, and the mission is especially concerned about Maluku province. In discussions with senior officials there, it was clear that there is limited awareness of SOLID and its activities. If SOLID is to succeed, and if district managers are to become more effective, then a more committed provincial leadership is urgently required. The financial management of SOLID needs improvement – the last two audit reports have identified a number of shortcomings which are not being actively addressed. While NGOs are now operating, village facilitator staff needs more skills and better understanding of their key tasks and greater focus on output achievement. Many critical training and support activities are now delayed because of slow procurement of the required consultant technical and support team. In summary, the mission is cautiously encouraged. What was clearly a problem project at MTR is, in our view, now a challenging project which has sound prospects for successful implementation. The rural villagers of Maluku and North Maluku deserve no less.

64. The next implementation support mission is proposed to be undertaken in June 2015.

65. IFAD and the Government of Republic of Indonesia endorse the findings of the supervision mission.

## Appendix 1: Summary of project status and ratings

### Basic Facts

Country	Indonesia			Project ID	1509	Loan/DSF Grant No.	835
Project	Smallholder Livelihood Development Project in Eastern Indonesia					Top-up Loan/DSF Grant	
Date of Update	26-3--2015						
Supervising Inst.	IFAD/IFAD						
No. of Supervisions	4	No. of Implementation Support/Follow-up missions					
Last Supervision	July 2014	Last Implementation Support/Follow-up mission					

USD million Disb. rate %

Approval	11-May-2011			Total financing	65.00	
Agreement	05-Jul-2011	Effectiveness lag	1.8	IFAD Total	50.19	
Entry into force	05-Jul-2011	PAR value	Not at risk	IFAD loan	49.11	31.0%
First disbursement				DSF grant		
MTR	1 – 20 June 2014	Last amendment		IFAD grant	1.08	14.6%
Original completion	31-Jan-2019	Last audit	30 June 2014	Domestic Total	14.81	
Current completion	31-Jan-2019			Government (National)	14.81	35.2%
Original closing	31-Jul-2019			External Co-financing Total		
Current closing	31-Jul-2019					
No. of extensions	0					

### Project Performance Ratings

B.1 Fiduciary Aspects	Last	Current	B.2 Project implementation progress	Last	Current
1. Quality of financial management	4	4	1. Quality of project management	3	4
2. Acceptable disbursement rate	3	4	2. Performance of M&E	3	4
3. Counterpart funds	5	5	3. Coherence between AWPB & implementation	4	4
4. Compliance with financing covenants	4	4	4. Gender focus	5	5
5. Compliance with procurement	3	4	5. Poverty focus	5	5
6. Quality and timeliness of audits	4	4	6. Effectiveness of targeting approach	5	5
			7. Innovation and learning	4	4
			8. Climate and environment focus	NA	4
B.3 Outputs and outcomes	Last	Current	B.4 Sustainability	Last	Current
1. (Was Community Empowerment) Community Development and Gender	4	4	1. Institution building (organizations, etc.)	3	4
2. (Was Productivity Improvement & Integrated farming system) Support for Agriculture Production & Marketing	4	4	2. Empowerment	4	5
3. (Was Value Chain) Support for Estate Crops Value Chains	3	4	3. Quality of beneficiary participation	4	4

4. (Was Rural Infrastructure) DELETED	4	NA	4. Responsiveness of service providers	4	4
			5. Exit strategy (readiness and quality)	4	3
			6. Potential for scaling up and replication	4	4

#### B.5 Justification of ratings

The rating of 5 for B1.3 is assigned as the GoI has provided the counterpart budgets higher than expected. The rating of 4 for disbursement rate is because the disbursement rate since MTR increased significantly.

### Overall Assessment and Risk Profile

	Last	Current
C.1 Physical/financial assets	4	4
C.2 Food security	4	5
C.3 Quality of natural asset improvement and climate resilience	NA	4
C.4 Overall implementation progress (Sections B1 and B2)	4	4
Rationale for implementation progress rating		
C.5 Likelihood of achieving the development objectives (section B3 and B4)	4	4

#### Rationale for development objectives rating

The overall assessment of the Project remains moderately satisfactory. The Project remains "potentially at risk" applying IFAD's performance assessment criteria. SOLID has made sound progress in achieving annual targets (see table 1 below) and in undertaking some community empowerment activities such as forming self-help groups (SHGs) and allocating matching funds. There is a clear need and demand for project support and activities at the village levels and there are a number of viable agricultural investment opportunities for these smallholders to engage in with project support. The Project has made some progress in undertaking productivity improvement activities such as preparation and execution of demonstration plots and in establishing the project management structure at all institutional levels. However, an improved understanding by all Project stakeholders will be required if the revised and simplified component structure related to the progression from food production to local market linkages to longer value chains proposed by the MTR is to be achieved.

C.6 <b>Risks</b> Short description of major risks for each section and their impact on achievement of development objectives and sustainability	
Fiduciary aspects	Quality of financial reporting required. <b>Improve responses to audit reports.</b>
Project implementation progress	Quality of project management, including procurement and M&E systems improved. Focus now on delivery of AWPB activities in villages.
Outputs and outcomes	The prospects for achieving outcomes and outputs continue to be favourable, subject to staff commitment at all 3 levels of government.
Sustainability	Main risks relate to quality of social mobilization and adequacy of training for revolving fund operations.

### Proposed Follow-up

Issue / Problem	Recommended Action	Timing	Status
Procurement	Recruitment of national TA consulting team needs to be accelerated.	31 <sup>st</sup> May 2015	Urgent
Village implementation capacity	(i) Recruitment of village implementation teams. (ii) Review VF payments basis to focus more on outputs and less on report quality/timing. (iii) Wherever possible, revise SHGs to have single crop focus.	31 May 2015	Ongoing
Project reporting	Establish timely and accurate reporting based on functional & timely M&E.	30 June 2015	Urgent
Management and coordination	(i) Implement Jan-Feb AWPB activities as soon as possible; (ii) Require at least 50% time commitment from District Implementation Unit staff. (iii) More timely submission of WA's to minimize Special Account depletion.	Immediate 31 December 2014 31 December 2014	Ongoing

**Additional observations:** With adequate and constant support to NPMO management, and a corresponding willingness to accept such support at district level, there are reasonable grounds to expect continuing satisfactory performance of SOLID in 2015 and beyond.

## Appendix 2: Updated logical framework: Progress against objectives, outcomes and outputs

Narrative Summary	Key Performance Indicators	Means of Verification	Assumptions (A) / Risks (R)
<b>Goal:</b>			
To enhance food security and increase incomes in beneficiary households (HH)	<ul style="list-style-type: none"> <li>By December 2018: (i) 33,600 HHs with improvement in HH assets ownership index and (ii) 40% reduction in the prevalence of child malnutrition</li> </ul>	<ul style="list-style-type: none"> <li>HH surveys</li> <li>M&amp;E reports</li> </ul>	Project Managers at all levels are effective and engaged in SOLID implementation
<b>Project Development Objective:</b>			
To improve livelihoods (both food security and income) and to reduce the incidence of poverty. <i>(by providing poor farmers with sustainable access to appropriate technologies, management skills and commercial linkages).</i>	<ul style="list-style-type: none"> <li>By December 2018: (i) 80% of HHs enjoy at least 10 months food security in 100% of the target villages; and (ii) 75% of HHs enjoy 30% lift in monthly cash income from sale of SOLID related surplus products.</li> </ul>	<ul style="list-style-type: none"> <li>HH surveys</li> <li>M&amp;E reports</li> </ul>	
<b>Outcome 1:</b> Communities with enhanced capacity for HH food security and agriculture income planning.	<ul style="list-style-type: none"> <li>2240 SHGs re-oriented or trained in PRA, S&amp;L group management.</li> </ul>	<ul style="list-style-type: none"> <li>Annual outcome survey</li> </ul>	
<b>Outputs:</b> 1.1 SHGs capable of managing and sustaining group resources (both human & financial). 1.2 SHGs capable of planning & implementing their production and post-harvest activities.	<ul style="list-style-type: none"> <li>1428 existing SHGs re-trained and operational by August 2015</li> <li>812 new SHGs trained and operational by August 2016</li> <li>1428 existing SHGs &amp; 800 new SHGs implementing production &amp; post harvest plans</li> </ul>	<ul style="list-style-type: none"> <li>M&amp;E reports</li> <li>Interviews with SHGs</li> <li>SHG training records</li> <li>Interviews with production group members</li> <li>Group production records</li> </ul>	Facilitation NGO operational by 1.11.14 VFs are respected and effective in facilitating the CD process PPLs and VFs work together effectively
<b>Outcome 2:</b> HHs with more food and cash crops available for both home consumption and/or sale.	<ul style="list-style-type: none"> <li>By December 2018: 80% of households reporting at least 20% increase in food available for home consumption</li> <li>By Dec 2018, 50% of households reporting regular market sales of food and cash crops</li> </ul>	<ul style="list-style-type: none"> <li>Annual Outcome Surveys</li> </ul>	Adequate support provided by NGO, extension staff (PPL), traders and SOLID Project District Staff  Favourable seasons & growing conditions (pest, disease, drought)

Narrative Summary	Key Performance Indicators	Means of Verification	Assumptions (A) / Risks (R)
<u>Outputs:</u> 2.1 Households food secure for 80% of the season 2.2 Increase in HH income as a result of increased sales of agricultural products.	<ul style="list-style-type: none"> <li>By Dec 2018, 75% of HHs is fully food secure 80% of the time.</li> <li>By Dec 2018, 20% reduction in incidence of stunting in SOLID HHs</li> <li>By Dec 2018, 75% of HHs enjoy a 30% lift in annual cash income from sale of food and cash crops.</li> </ul>	<ul style="list-style-type: none"> <li>M&amp;E reports</li> <li>Interviews with production group members</li> <li>Annual Outcome Surveys</li> </ul>	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.
<b>Outcome 3:</b> Increased household incomes from sales of 3 selected estate crops (coconut, cacao & nutmeg)	<ul style="list-style-type: none"> <li>By Dec 2018, 50% of village crop producers enjoy a 20% lift in monthly cash income from sale of estate crop related products.</li> </ul>	<ul style="list-style-type: none"> <li>Annual outcome survey</li> </ul>	Market stability in 3 selected VCs
<u>Outputs</u> 3.1 Up to 3 value chains (VC) assessed as feasible for sustainable increases to HH incomes 3.2 Farmers with improved market linkages & understanding of market requirements 3.3 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	<ul style="list-style-type: none"> <li>By Dec 2015, 3 quality VC studies completed to international standards.</li> <li>50% of growers directly engaged in VC with Federation support &amp; responding to market requirements</li> <li>By Dec 2018, 25% of federations actively supporting growers via links to traders and other VC players and/or adding value to the 3 selected estate crops.</li> </ul>	<ul style="list-style-type: none"> <li>Reading VC study doc's</li> <li>M&amp;E reports</li> <li>SHG &amp; federation marketing records.</li> <li>Interviews with SHGs</li> <li>M&amp;E reports</li> <li>Federation accounts &amp; quarterly reports</li> </ul>	Suitable VC team able to be recruited Village Commercial Officers (VCOs) appointed and trained to high standards Federations able & willing to re-orient to new, broader, commercial role
<b>Outcome 4:</b> Effective implementation and monitoring of SOLID	<ul style="list-style-type: none"> <li>Analysis and reporting of M&amp;E data actively used by Project Management to improve outcomes &amp; efficiency.</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly review reports &amp; review meeting minutes.</li> <li>Revised Annual Implementation Guidelines</li> </ul>	Project staff respond to more effective M&E systems and data analysis
<u>Outputs:</u> 4.1 Consistent, transparent and functional Project management arrangements at all levels 4.2 Functional M&E system operating in timely manner, with useful data analysis giving positive changes in management. 4.3 Timely and effective management & implementation support from national & provincial levels.	<ul style="list-style-type: none"> <li>Staff performance review reports.</li> <li>M&amp;E reports being actively used by management</li> <li>90% of activities implemented as per the AWPB</li> <li>100% of the Budget utilised as per AWPB</li> </ul>	<ul style="list-style-type: none"> <li>Staff performance plan</li> <li>Staff performance review report</li> <li>M&amp;E reports</li> <li>Management Reports</li> </ul>	Project Managers committed to accountability and transparency. Project Management committed to accountable management practices

### Appendix 3: Summary of key actions to be taken within agreed timeframes

Action Area	Action Agreed	Date	Whom	Progress
<b>Project Implementation</b>	<b>Component 1</b>			
	Ensure all VFs receive intensive training to ensure clear understanding of their 4 key tasks – including revised TOR and workshops – with PPLs	01.05.15	NPMO & NGO	
	Review SHG formation criteria to have a single crop/enterprise focus.	01.07.15	NPMO, PPL and VFs	
	Revise VF payments to focus on outputs (5 key tasks), not reports.	01.05.15	NGO	
	Ensure NGOs' contracts have sufficient resources for District Supervisor visits to 6 villages/month, monthly meetings between VFs and District Supervisors in the District; and monthly meetings between the Provincial Coordinator and District Supervisors at the Province	01.07.15	NPMO/PPCO	
	<b>Component 2</b>			
	PPL refresher training conducted and FFS curriculum prepared and provided to PPLs.	ASAP	District Technical Team, IFAD & district consultant	
	Finalization and dissemination of (i) Revolving Fund Management; & (ii) Machinery Management Manuals.	01.07.15	NPMO	
	Preparation of a Phase 1 Federation Action Plan	01.07.15	NPMO	
	<b>Component 3</b>			
	NGOs & consultants develop/deliver business management training modules for SHGs & federations.	01.07.15	NGOs& consultants (national	
	Initiate cross visits between high performing PPLs and VFs and their other district colleagues.	01.07.15	DPM & NPMO	
<b>Fiduciary Aspects</b>	PPLs and VFs be jointly trained on MF management & recording – based on a revised fund management manual.	31.05.15	Manual: NPCO; Training: PPCO, DPMO & NGOs	
	Regular submission of WAs to avoid depletion of Special Accounts. Outstanding audit issues & payments be repaid to State Treasury Offices immediately, audit log should be prepared and updated annually	Ongoing ASAP (Urgent)	NPCO, MOF NPCO, PPCOs and DPMOs	





## Appendix 4: Physical progress measured against AWP&B, including RIMS indicators

Component/ Sub-component or Output				Period: 01-01-2014 to 31-12-2014			Cumulative Actual (2011- 2014)	Appraisal Target	
		Indicator	Unit	AWP&B	Actual (Dez-14)	%			%
Component 1 : Community Empowerment									
1.1	NGO Recruitment	Nb. of NGOs recruited	Number	2	2	100	2	2	100
1.2	TOT Monev dan CD Gender	Nb. of TOT conducted by M&E and CD Gender	Number	2	2	100			
1.3	Socialisation of SOLID in Villages	37,125 (75%) households receiving Project services (total Project, m/f.).	Number	116	116	100	224	330	67,88
1.4	Meetings to Form Self-help Groups	330 (one per village) community workers operational	Number	116	116	100	224	330	67,88
1.5	Preparation of Village Plans	Nb. Of village plans prepared	Number	116	116	100	224	330	67,88
1.6	Legalisation of Self-help Groups and Federation	Nb. Of Legalisation of SHGs and Federation	Number	592	591	99,83	1.404	3.300	42,55
1.7	Monitoring and Evaluation	Nb. Of villages monthly monitoring of activities is done by Kabupaten	Number	224	224	100	224	330	67,88
1.8	Formation of Federations	Nb. Of Federations formed	Number	116	116	100	224	330	67,88
1.9	PRA at Village Level	Nb. Of PRAs undertaken at the village level	Number	106	106	100	224	330	67,88
1.10	SHG Management and Organisation (all aspects)	Nb. SHGs functioning effectively.	Number					3.300	
1.11	Matching Funds for Self-help Groups	Nb. Of SHGs receiving matching funds	Number	972	971	99,79	1.404	3.300	42,55
1.12	Villages under the Project	Nb. Of villages under the Project	Number	116	116	100	224	330	67,88
1.13	Formation of Federation	Nb. Of federation formed	Number	116	116	100	224	330	67,88
1.14	Formation of SHGs	Nb. Of SHGs formed	Number	476	475	99,79	1.404	3300	42,55
1.15	Households in SHGs	Nb. Of Households members of SHGs	HHs	7140	6858	96,50	18.945	49500	38,23
Component 2 : Productivity Improvement of Integrated Farming Systems									
2.1	Workshop on Integrated farming system	Nb. of workshops conducted	Number	1					

Component/ Sub-component or Output	Indicator	Unit	Period: 01-01-2014 to 31-12-2014			Cumulative Actual (2011- 2014)	Appraisal Target	%
			AWP&B	Actual (Dez-14)	%			
2.2	Demonstration Plots/Units food crop and livestock	Nb. of demonstration plots/units food crop and livestock	Number				306	
2.3	Farmer Field Schools - Estate crops	Nb. of villages covered by FFS on Estate Crops	Number				50	
2.4	Farmer Field Schools - Pest control management	Nb. of villages covered by FFS on Estate Crops	Number				79	
2.5	Demonstration Plots – Estate crops Nursery	Nb. Of demonstration nurseries formed	Number				182	
2.6	Farmer Field Schools - Integrated farming systems	Nb. Villages covered FFS on Integrated farming systems	Number				97	
2.7	Extension Materials and Manuals	Nb. of extension manuals developed	Number				69	
2.8	Trainings for farmers – Nursery and livestock development	24,750 (50 % of total target HHs) farmers reporting increased production from their plots.	Farmers				202	
		Nb. of trainings conducted	Number					
2.9	Villages where agricultural processing training is provided	Nb. Of receiving processing training on agriculture products	Number	224	224	100		
2.10	Demonstration Plots – Improving Farming System	Nb. Of villages where Demonstration Plots established for improving farming systems.	Number	224	224	100		
2.11	Farmer Field Schools – Useful application of technology	Nb. Of villages with FFS reporting useful application of technologies	Number	224	224	100		
<b>Component 3 : Value Chain Development</b>								
3.1	Recruitment of Agribusiness Value Chain and Marketing (International)	Nb. of staff and consultants recruited	Number	1			1	
3.2	Recruitment of value chain consultant (1 district 1 consultant)	Nb. of staff and consultants recruited	Number	-				
3.3	Workshop value chain and	Nb. of value chain workshops	Number	2				

Component/ Sub-component or Output		Indicator	Unit	Period: 01-01-2014 to 31-12-2014			Cumulative Actual (2011- 2014)	Appraisal Target	%
				AWP&B	Actual (Dez-14)	%			
	marketing	held							
3.4	Capacity building for Federation marketing	24 750 (50% of total target HHs) target group households reporting new marketing arrangements (estate and food crop production and fisheries, livestock), type and length of operation.	Package					11	
3.5	Marketing links for federation	330 Federations linked to markets	Package	11				11	
3.6	Training on value chain for field workers	Nb. of field workers trained in value chains	Number					9	
3.7	Marketing and potential identification and business plan preparation	Nb. of Business Plans prepared after feasibility studies	Number	116	116	100		108	
3.8	Equipment for value chain development	Nb. of equipment package provided	Number	11	9	81,83			
<b>Component 4 : Productive Rural Infrastructure Investment</b>									
4.1	Recruitment of infrastructure design consultant (1 district 1 consultant)	Nb. of consultants recruited.	Number	2	2	100		2	
4.2	Workshop - Village infrastructure development	km of road rehabilitated/upgraded	Km	1					
4.3	Village Infrastructure Investments	330 water harvesting structures constructed.	Number	224	224	100	224	330	67,88
		12.375 ha (25% of total target HHs) farmers with sustainable access-to water resources	Hectare						
		>330 community Projects functional by type	Number						
<b>Component 5 : Institutional Strengthening and Project Management</b>									
Individual Consulting recruitment-Project Management Adviser and		>90% disbursement of the IFAD Loan	Prs	1	1	100		1	

Component/ Sub-component or Output	Indicator	Unit	Period: 01-01-2014 to 31-12-2014			Cumulative Actual (2011- 2014)	Appraisal Target	%
			AWP&B	Actual (Dez-14)	%			
Team Leader								
Individual Consulting recruitment - Monitoring and Evaluasi		Prs	1	1	1		1	
Individual Consulting recruitment – Procurement Specialist		Prs	1	1	1		1	
Consulting firm recruitment – Project management (both province) - ME Specialist (Prov, District) - VC Specialist (Nat, Prov, District) - Finance Specialist (National) - TI Specialist (National) - Capacity Building and training (Nat) - Agriculture and Infrastructure (Nat)		Prs	33					
Consulting firm recruitment - Capacity Building and Training		Prs						
Consulting firm recruitment -Value chain and marketing at National	Persons signed contracts	Prs						
Consulting firm recruitment - Value chain and marketing (both province)	Persons signed contracts	Prs						
Consulting firm recruitment - Nutrient specialist at national	Persons signed contracts	Prs						
Consulting firm recruitment -Seeds specialist at national	Persons signed contracts	Prs						
International Consultant of Value chain and Marketing ( Individual)	Persons signed contracts	Prs						
Baseline study	Completed report	Package					1	
Mid-Term Impact Study	Completed report	Package	1	1	100		1	
NGO Monitoring	Monitoring reports	Package	1	1	100		1	
Survey & mapping - value chain and marketing	Survey reports completed	Package	1	1	100		1	
Procurment of PC (national)	Nb. of equipment provided	unit					6	
Procurment of Laptop (national)	Nb. of equipment provided	unit					2	

Component/ Sub-component or Output	Indicator	Unit	Period: 01-01-2014 to 31-12-2014			Cumulative Actual (2011- 2014)	Appraisal Target	%
			AWP&B	Actual (Dez-14)	%			
Annual Planning and Review Meeting	Nb. of meetings and plans completed.	Package	3	3	100			
Office building renovation expenses		unit					13	
Workshop Financial and loan management	Nb. of workshops on financial and loan management.	Number	1	1	100		3	
Workshop ME and RIMS	Nb. Of trainings on RIMS	Package	3	3	100			
Procurement Vehicles (province level)		unit					1	
Procurement Motorcycles		unit	148	148	100	228	334	
Procurement Laptop (for district and province level)		unit					26	
Procurement Computer (for district and province level)		unit					26	
Procurement Printer (for district and province level)		unit					26	
Procurement Fax and Scanner (National Level)		Unit	2	2	100		2	
Overseas study/Comparative study		Package	1					
Consolidation meeting of SOLID		Package	1	1	100		7	
Midterm Review Meeting IFAD		Package	1	1	100			
Wrap up meeting Sup Mission IFAD		Package	1	1	100			



## Appendix 5: Financial: Actual financial performance by financier;by component and disbursements by category

**Table 5A: Financial performance by financier**

Financier	Appraisal (USD '000)	Disbursements (USD '000)	Per cent disbursed
IFAD loan	49 110.0	12 023.0	24.5
IFAD grant	1 078.0	112.0	10.4
Co-financier	---	---	---
Government	14 810.0	5 210.0	35.2
<b>Total</b>	<b>65 000.0</b>	<b>17 345.0</b>	<b>26.7</b>

Note: The Government financing is the national government financing (APBN), excluding the supporting funds from local government budgets (APBD)

**Table 5B: Financial performance by financier by component (USD '000)**

Component	IFAD loan			IFAD grant			Co-financier			Government			Total		
	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%
1. Community Empowerment	12 698	3 277	25.8	--	--					726	920	126.8	13 423	4 197	31.3
2. Productivity Improvement	6 120	2 463	40.2	--	--					612	482	78.7	6 732	2 945	43.7
3. Value Chain.	15 873	1 451	9.1	1 078	112	10.4				1 345	670	49.8	18 297	2 233	12.2
4. Infrastructure	8 374	3 159	37.7	--						837	243	29.1	9 211	3 402	36.9
5. Inst. Building & Management	6 047	1 673	27.7	--						11 290	2,895	25.6	17 337	4 568	26.3
<b>Total</b>	<b>49 111</b>	<b>12 023</b>	<b>24.5</b>	<b>1 078</b>	<b>112</b>	<b>10.4</b>				<b>14 810</b>	<b>5 210</b>	<b>35.2</b>	<b>65 000</b>	<b>17 345</b>	<b>26.7</b>

**Table 5C: IFAD loan disbursements (SDR 000', as at 06-03-2015)**

Category	Category description	Original Allocation	Revised Allocation	Disbursement	W/A pending	Exp. not yet submitted	Balance	Percent disbursed
I	Civil works	4 620.0		1 618.3			3 001.7	35.0
II	Vehicles & equipment	7 770.0		1 054.5			6 715.5	14.0
III	Capacity building, workshops, training	8 530.0		2 284.0			6 246.0	27.0
IV	Matching fund	4 360.0		1 490.6			2 869.4	34.0
V	International Consultant services	---		---			---	---
VI	Local Consultant and NGO services	1 990.0		257.8			1 732.2	13.0
	Unallocated	3 030.0		---			3 030.0	---
	Initial deposit			2 701.3				
	Total	30 300.0		9 406.5			20 893.5	31.0

**Table 5D: IFAD grant disbursements (SDR 000', as at 06-03-2015)**

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	175.0		47.3			127.7	27.0
IV	Matching fund	---		---			---	
V	International Consultant services	60.0		---			60.0	
VI	Local Consultant and NGO services	375.0		---			375.0	
	Unallocated	65.0		---			65.0	
	Initial deposit			51.2				
	Total	675.0		98.5			576.5	14.6



## Appendix 6: Compliance with legal covenants: Status of implementation

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
Section B. 6	There will be two designated Accounts (USD) 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	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
Sch. 1- II. 3 and GC 7.11	(a) Project staff will be appointed following a transparent competitive process (b) The PCs and Managers shall not be changed without good reason (c) General all Project staff should be maintained in	On-going	Complied	At the district and provincial level  Most posts are held concurrently with core assignments – there have been

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
	Project positions for at least 3 years unless there are pressing reasons to move them			some changes of Project staff. PC at national level was changed.
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, but PIM needs to be revised	Because of some changes as recommended during MTR, PIM needs to be revised accordingly.
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 USD 500,000 equiv	Approved PIM	Complied	

## **Appendix 7: Knowledge management: Learning and Innovation**

### **Learning**

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- Without systematic support the SHGs and Federations have started group enterprises related to production of agricultural and estate crops as well as set up processing units. This could happen as the groups were motivated as well as the District staff took some initiative to help the groups use the matching grants.
  - The Project has been successfully targeting the right beneficiaries in terms of poverty level.
  - It is important to form the group cohesively. The Project has experienced decreasing number of group members (members leaving groups) due to trusts issue as well as losing interest with group and Project activity. A common interest and economic purpose of the groups is therefore crucial.
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### **Innovation: Describe any interesting innovation noted during supervision**

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- The Farmer's Hut for information and knowledge exchange could be considered as an innovation in farmer based knowledge management. This would also support a farmer based and farmer-to-farmer extension system in the Project.
  - Some PPLs make excellent use of the demonstration plots to disseminate new technologies. Best practices should be documented and scaled up in all demonstration plots of the project.
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## Appendix 8: Project Fiduciary Risk Assessment at Implementation

### Fiduciary Risk Assessment – Data Sheet<sup>2</sup>.

<b>Country:</b> Indonesia		<b>Loan and Grant Number:</b> L-I-835-ID & G-I-C- 835	
<b>Project Name:</b> SOLID			
<b>Executing Agency:</b> Food Security Agency, Ministry of Agriculture		<b>CPM:</b> Ron Hartman	
<b>Reviewing Finance Officer:</b> SumaryoSoemardjo		<b>Date of This Review:</b> 27 March, 2015	
<b>Date of the last PSR prior to this rating:</b> 20 June, 2014	<b>FM rating in the last PSR:</b> 4	<b>Date of the previous FM supervision and rating;</b> 20 June, 2014, rating: 4	

Topic		Rating H/M/L	Issues / Comments / Recommendations
<b>A. Inherent Risks</b>			
<b>B. Control Risks</b>			
<b>1. Organization and Staffing</b>			
a.	Adequacy of organizational structure to meet functional needs of the project	L	Organizational structure was established prior to loan effectiveness with qualified key personnel.
b.	Availability of clear job description for key project positions, including fiduciary positions.	L	Job descriptions are available in PIM, following GOI regulations
c.	Adequacy of project financial management staff (numbers and skill) matching functional needs of project.	L	FM staff consists of coordinators for planning/budgeting, FM and procurement, treasurers and FM assistants
d.	Segregation/ independence of functions for accounting, payments, procurement.	L	Follows GOI regulations
e.	Availability and adequacy of operating manuals and guidelines for staff	M	Manuals available, some improvement still needed.
<b>2. Budgeting</b>			
a.	Timely preparation and approval of project budget, issue of budget execution warrants.	L	Follows the regular annual GOI budgeting process
b.	Adequacy of Budget (including loan disbursement categories - schedule 1), including financing plan for all sources, both donors and Govt., both loans and grants.	L	2015 AWPB and approved budget (DIPA) based on MTR recommendations were adequate
c.	Availability of detailed activity plans, procurement plans, cost estimates and assumptions to support budget requests.	L	2015 AWPB was prepared and approved by IFAD
d.	Availability of physical progress indicators where applicable.	M	

<sup>2</sup> Include relevant findings of project supervision and progress reports, field visits, and audit report findings.

<b>3. Fund flows and Disbursements / Withdrawals</b>			
a.	Timeliness of Funds disbursed by different sources, including counterpart (set benchmarks and test sample)	M	Expenditures go well, some problem in adequacy of supporting docs, and in identifying the correct categories and sub-components, resulting delays in WA preparation and submission. WAs should be submitted more regularly and frequently
b.	Efficiency of the funding channels. e.g. confirmation of funds reaching intended beneficiaries.	L	Community matching funds are transferred by Govt. Treasury Office (KPPN) directly to respective community groups' bank accounts, follows Govt. /MoF regulations.
c.	Management of project bank accounts other than Special Accounts, if any- reconciliations, idle funds	L	Only use Special Accounts in Bank of Indonesia
d.	Banking arrangement and controls (reconciliation of bank statements with financial accounts)	L	Bank of Indonesia statements are issued weekly
e.	Adequacy of controls and authorization process for use of funds (payments, transfers, Cash/Bank balance management).	L	Follows govt. regulations
f.	Special Account(s)/Dedicated Account(s) Management, Disbursements		
	- size of the authorized allocation and adequacy thereof to ensure a smooth flow of funds to project accounts	M	Due to backlogs, the initial deposit in the SA had to be increased from \$ 1m to \$ 4m, and sufficient to finance activities for several months
	- Method and adequacy of disbursement used	M	By replenishment of SAs and adequate budget is provided in the govt. annual budget. It will depend on how often WAs will be submitted.
	- Timely preparation and accuracy of Withdrawal Applications	M	Some delays in preparation of WAs due to problem in identifying the correct categories and sub-components for the expenditures, and delays in submission of financial reports from districts and provinces. The balance in the SA was low to finance activities and initial deposit had to be increased
	- Status on expenditures withdrawn from Special Account but not yet claimed for replenishment, including age analysis	M	Several WAs being prepared and will be submitted to IFAD
	- Regularity of Special Account(s) Monitoring and monthly reconciliations (assess the reconciliations)	L	PMO can easily monitor the monthly reconciliations
	- Disbursements profile - actual vs plans, systemic reasons for differences	M	Disbursement is still low due to some delays in preparation of WAs.
	- Recovery of SA balances by loan closure.	n.a	Will be due in 2018

	- Adequacy of documentary support for SOE disbursements, reimbursements, direct payments and Special Commitments	M	Some payment vouchers without complete supporting docs., no information on which components and which categories.
	- Eligibility of expenditure under Legal Agreements	M	So far no issue and will be monitored during review missions
<b>4. Internal Controls - Expenditure, Assets, Liabilities</b>			
a.	Adherence to Project Management manuals- clarity and adequacy of decision processes and sequence of events for control functions in project implementation.	M	Some additional and improvement of manuals are still be needed
b.	Effectiveness and efficiency of internal controls for revenue/inflows management (review audit reports)	M	Internal control by the Inspectorate General of MoA. Based on 2011 – 2013 audit reports , internal controls in the implementing agencies are still weak
c.	Commitment tracking and control including comparison against allocated amounts by loan disbursement category	M	Some payment vouchers without information on which category and which component
d.	Effectiveness and efficiency of IC for expenditures (full cycle from commitment, payment, receipt of good and services, approval of payments, classification, etc.) (also read SAI and other reports)	M	The Inspectorate General is not rigorous as external auditors (BPKP)
e.	Effectiveness and efficiency of IC for assets/liabilities management and maintenance	M	
f.	Reliability of documentary evidence of outputs realized in project. Linkages between outputs realized and financial reports.	M	There is a time lag between physical and financial reports since payments are made and reported after physical outputs are completed.
g.	Physical controls over cash, documents and records.	M	Adequate
h.	Timely payment to suppliers and consultants (benchmark and test sample)	L	As long as supporting docs are complete, payment can be made within few days
i.	Eligibility of expenditures for Bank funds with respect to PDR, Loan agreements	M	
j.	Legality/eligibility of advances from project funds	L	Follows GOI regulations
k.	Compliance with Financing agreements – both loans and grants	L	To date most of covenants have been complied with
l.	Adequacy of record keeping for fixed assets and inventories	M	Follows GOI regulations with some delays
<b>5. Accounting Systems, Policies and Procedures</b>			
a.	Adequacy of Accounting standards and practices (as designed/Agreed)	L	Follows GOI accounting system (SAI)
b.	Recordkeeping (including documentation and filing/archiving)	M	Completeness of supporting docs and filing system need to be improved
c.	Fixed Assets Records maintained and reconciled (sample and physical check)	M	Follows GOI regulations, some delays in recording
d.	Adequate documentation and controls for Information Systems, integration of all sub-systems	M	Not yet in place
e.	Adequacy of chart of accounts for project accounting purposes	M	
f.	Timeliness of recording transactions, controls on erroneous recordings	M	In the PIM, monthly financial reports are prepared 10 days after the end of every month. Sometimes there are delays.

<b>6. Reporting &amp; Monitoring</b>			
a.	Completeness, accuracy, usefulness, and timeliness	M	Sometimes incomplete supporting docs and incorrect categories/sub-components
b.	Interim FM reports (FMRs, PMRs as relevant) or progress reports - timely preparation, submission	M	Some delays in preparation and submission
c.	Follow up of previous aid-memoirs, FMR/PMR or progress reports	M	Not all agreed action plans in the previous aide memoire have been followed up.
<b>7. Internal Audit</b>			
a.	Is project activity or implementing unit subject to internal audit?	L	By the Inspectorate General of MoA
b.	Adequacy of internal audit organization - staff capacity	L	
c.	Adequacy of internal audit scope of work and quality of reports	M	At least once a year.
d.	Assessment of matters raised in audit reports	M	
<b>8. External Audit</b>			
a.	Scope of 2014 audit.	M	Audit being conducted
b.	Audit report timeliness.	M	Will be due by 30 Jun 2015
c.	Quality of audit.	L	Audits for 2011 – 2013 were quite thorough



## **Appendix 9: TOR for NGO Supervision and Support Consultant**

### **Background.**

The Smallholder Livelihood Improvement Project (SOLID) is a rural development project operating in Maluku and North Maluku provinces. In total, the project works in 11 districts (5 in Maluku and 6 in North Maluku) and in 224 villages (110 in Maluku and 114 in North Maluku). A mid-term review in mid 2014 resulted in changes in project design. An important aspect of this design is that self help groups (SHGs) are being expanded to 10 per village, each with a membership of up to 15 persons. Membership is mixed with male, female and mixed gender groups. The project has 3 components: Component One addresses SHG formation and training, production/business planning, revolving fund management and M&E. In 2014, a NGO was contracted in each province to field a village facilitator (VF) in each SOLID village. These VFs are supervised by an NGO District Supervisor in each district. Component 2 addresses food production and local market access. Key inputs are training in production and market related issues using farmer field schools and demonstration plots, along with production linked revolving funds and some farm machinery. Component 3 addresses the development of value chains for 3 key estate crops – coconut, cocoa and nutmeg. Prior to MTR, the SOLID project faced various issues which negatively impacted on achievement of expected outputs. These include limited commitment of provincial and district staff to SOLID implementation and limited understanding of the Phase 2 strategy. Since MTR, the 2 NGOs have faced various challenges since beginning work in August 2014. However, many NGO staff are still learning the challenging role of a village facilitator. As a result, they are yet to fully address their 5 key responsibilities.

### **Objective of consultancy.**

The consultant will work as part a 2 person specialist team comprised of the senior management adviser in NPMO and himself to motivate, guide and advise project staff. The senior management adviser will be responsible for supporting government staff while the consultant will be responsible for supporting NGO staff. It must be noted that the consultant will respect the integrity of both provincial NGOs. The expected outcome of the consultancy will be NGOs in both provinces more effectively meeting their contracted obligations to provide quality village facilitation.

### **Key tasks.**

The consultant will work under the guidance of the Director of the National Project Management Office (NPMO). Recognizing the integrity and independence of both NGO organizations, the consultant will be responsible for:

- Working with the two NGO Provincial Coordinators in each province to advise and mentor them to establish functioning management systems for the VF staff. This will include performance reporting, financial management, contract management. In addition, the consultant will review District Supervisor and VF TOR as required and make recommendations for improvements.
- Working with NGO District Supervisors in each district to advise and mentor them in staff management. In particular, the consultant will establish functional systems for managing and supervising VF performance, analysis of monthly VF reports and how to effectively mentor VF staff to be more effective in achieving their tasks. This will include advice on monthly VF staff meetings, training workshops, report presentation and content, compilation and analysis of VF monitoring data, etc. The consultant will also mentor the NGO district supervisors on how to effectively engage with SOLID District Managers and DinasPertanian technical support staff.
- Working with VFs (both individually and collectively) to review their existing facilitation skills – both people skills and technical skills e.g. revolving fund management, SHG performance monitoring, effectivelyengaging with agriculture extension workers to undertake agriculture production plans, liaising with Village Heads, and report writing.

**Qualifications.**

The successful applicant will have:

- 10 years' experience in community development in rural areas;
- be specifically experienced in the guidance of rural self-help groups, development and preparation of small enterprise business plans and the management and recording of non-collateral group revolving micro-finance funds.
- previous experience with international development projects, especially with IFAD projects;
- worked in Eastern Indonesia;
- be fluent in Bahasa Indonesia;

**Duration.**

The contract duration will be for an initial period of 6 months.

**Other.**

- The consultant will be expected to travel extensively from Jakarta to both Maluku and North Maluku and all of the 11 districts as well as several villages.
- Procurement will be by Single Source Selection, following IFAD and Government of Indonesia procurement procedures.