

Indonesia : Strategic Irrigation Modernization and Urgent Rehabilitation

1. Project Information

Project ID:	P000060	Instrument ID:	L0060A
Member:	Indonesia	Region:	South-Eastern Asia
Sector:	Water	Sub-sector:	Irrigation and drainage
Instrument type:	<input checked="" type="checkbox"/> Loan:250.00 US Dollar million <input type="checkbox"/> Guarantee	Lead Co-financier (s):	World Bank
ES category:	B	Borrowing Entity:	Ministry of Finance, Indonesia
Implementing Entity:	Ministry of Public Works and Housings, Indonesia		
Project Team Leader:	David Ginting		
Responsible DG:	Rajat Misra		
Responsible Department:	INF1		
Project Team Members:	Jinghui Li, Team Member; Jana Halida Uno, Team Member; Liu Yang, Project Counsel; Guoping Yu, OSD - Procurement Specialist; Odil Akbarov, OSD - Environment & Social Development Specialist; Asma Bachikh, Team Member; Nurul Mutmainnah, OSD - Financial Management Specialist; Jinghui Li, Project admin		
Completed Site Visits by AIIB:	Dec, 2018 Feb, 2019 May, 2019 Mar, 2020 Jun, 2020 Virtual mission Sep, 2020 Virtual mission Dec, 2020 Virtual mission Apr, 2021 Virtual mission Aug, 2021 Virtual mission (mid-term review) Apr, 2022 Virtual mission Oct, 2022 Joint implementation mission with the World Bank May, 2023 Joint implementation mission with the World Bank Oct, 2023 Joint implementation mission with the World Bank		
Planned Site Visits by AIIB:	Feb, 2024 Joint implementation mission with the World Bank		
Current Red Flags Assigned:	0		
Current Monitoring Regime:	Regular Monitoring		

Previous Red Flags Assigned:	1
Previous Red Flags Assigned Date:	2023/06

2. Project Summary and Objectives

The Project aims to improve irrigation services and strengthen the accountability of irrigation schemes management in selected areas. This will be achieved through rehabilitation, revitalization and modernization of water resources and irrigation systems across Indonesia (total service area of around 276,000 Ha); institutional strengthening and improved management; and operation and maintenance of these systems. The Project is expected to benefit about 887,000 farmer households through the improvement of irrigation services, and governmental agencies and farmers associations through comprehensive capacity building. The Project is implemented through nine Project Implementation Units or PIUs (site-specific river basin organizations), four National PIUs or NPIUs (directorates across the Ministry of Public Works and Housings, Ministry of Agriculture and Ministry of Home Affairs), a Central PIU or CPIU (Directorate of Irrigation and Lowlands of the Ministry of Public Works and Housings), under the management of a Central Project Management Unit or CPMU (Directorate General of Water Resources of the Ministry of Public Works and Housings). The Project is co-financed with the World Bank as the lead co-financier.

3. Key Dates

Approval:	Jun. 24, 2018	Signing:	Jul. 11, 2018
Effective:	Aug. 23, 2018	Restructured (if any):	May. 16, 2022
Orig. Closing:	Jun. 30, 2024	Rev. Closing (if any):	

4. Disbursement Summary (USD million)

Contract Awarded:		Cancellation (if any):	0.00
Disbursed:	199.41	Latest disbursement (amount/date):	17.50/Dec. 14, 2023
Undisbursed:	50.59	Disbursement Ratio (%) ¹ :	79.77

5. Project Implementation Update

The Project implementation continues to display substantial progress. Since the last reporting cycle, the Project has disbursed USD62.5 million and made >30 percent physical progress in all civil work contracts (reaching cumulative progress of 94 percent for component A and 78 percent for component B). All civil works are scheduled to be completed by May 2024. Further, the Project has made significant progress toward realizing the Project Objectives, with the end-targets of 2 out of 4 Project Objective Indicators and 15 out of 16 Intermediate Result Indicators being fully met. The Project implementation will further focus on (1) contracting the remaining 3% of the loan proceeds through procurement processes and amendment of ongoing contracts, expected to be concluded by Q2 2024, and (2) close monitoring of the ongoing civil work contracts to ensure completion by the loan closing. The CPMU is preparing a

¹ Disbursement Ratio is defined as the volume (e.g. the dollar amount) of total disbursed amount as a percentage of the net committed volume.

request for a loan extension of 6 months to AIIB for completing all civil works and achieving PDOs.

Components	Physical Progress	Environmental & Social Compliance	Procurement
Component A: Urgent Rehabilitation of Irrigation and Drainage System (USD98.6 million)	94% (of all civil work contracts)	Complied. Continuous improvements in compliance with the environmental and social safeguards, as outlined in the Project's Environmental and Social Management Framework, have been observed. To date, no significant environmental and social issues have been encountered during the implementation, and no significant issues are anticipated going forward. Environmental permit documents, Contractors' Environmental Management Plans, and related implementation documents have been prepared in a timely manner.	The 55 contracts initially envisaged under the component have been awarded, of which 35 have been completed, and 20 are targeted for completion in April 2024. Additional packages (i.e., 14 packages with a total value of about USD900,000 to procure goods for improving hydrological monitoring through the operation of C-band Radar) have been included in the Procurement Plan. They are expected to be contracted and completed by May 2024.
Component B Strategic Modernization of Irrigation and Drainage System (USD143.0 million)	78% (of all civil work contracts)	Same as the above.	Out of 28 packages envisaged under the component, eight have been completed, 16 are under implementation, and four are under the procurement process. These outstanding packages (total value of about USD 1.4 million) are for procuring goods to strengthen the operation and maintenance of irrigation schemes at the field level. They are expected to be contracted and completed by May 2024.
Component C: Project Management (USD8.4 million)	n/a	n/a	Out of 33 consultancy contracts envisaged under the component (i.e., 4 for consultancy firms and 29 for individual consultants), 21 contracts have been completed, and 11 are under implementation. These ongoing contracts are namely for the Project's

			<p>technical and management support and evaluation and monitoring, all of which are required until the loan closing. The procurement of one remaining contract (valued at USD700,000 for a consulting firm in applying digital monitoring of irrigation system) will be concluded shortly, with its implementation scheduled to be completed in May 2024.</p>
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Financial Management:

The Project maintains timely submission of IFR for Q3 2023. Some ineligible expenditures indicated in the FY2022 audit report have been followed up by the Project by deducting subsequent payments to third parties and refunding the Designated Account. The FY2023 audit report is scheduled to be submitted by June 30, 2024. For 2024, the PMU has allocated around USD 25 million from the AIIB portion. This current budget allocation is expected to be adequate for Q1 2024, and a budget revision would be needed to meet the remaining financing needs in 2024 and to avoid any delay in implementation.

6. Status of the Grievance Redress Mechanism (GRM)

The Project has received 418 complaints and requests (298 were registered in 2022, and 120 were registered in 2023). Most complaints were about construction-related issues, such as requests for employment opportunities for local communities, complaints on temporary access disturbances during construction, dust pollution, disposal of sediment on private properties, etc. As of November 2023, the World Bank's and PMU's implementation reports recognized the resolutions of all complaints and requests.

7. Results Monitoring (please refer to the full RMF, which can be found on the last page of this PIMR)

Remarks:

Project Objective Indicators	Indicator level	Unit of Measure	Cumulative Target Values																		Frequency	Responsibility	Comments	
			Baseline		2018		2019		2020		2021		2022		2023		2024		End Target					
			Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Year	Target				Actual
Area provided with new/improved irrigation or drainage services	Project	Ha	2018	0	0		n/a		n/a		n/a		n/a	62,621	118,893	178,291	253,102			253,102				
Percentage of crop intensity	Project	paddy	2018	180	180		n/a		n/a		n/a		n/a	186	196	194	200			200				
Irrigation service agreements with clear allocation of responsibilities implemented	Project	Number	2018	0	0		n/a		n/a		n/a		n/a	6	6	11	9			9				
Asset management systems with transparent budget allocation operational	Project	Number	2018	0	0		n/a		n/a		n/a		n/a	6	6	11	9			9				

Project Intermediate Indicators	Indicator level	Unit of Measure	Cumulative Target Values																		Frequency	Responsibility	Comments	
			Baseline		2018		2019		2020		2021		2022		2023		2024		End Target					
			Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Year	Target				Actual
Annual performance report of irrigation service providers published (Component A)	Project	Number	2018	0	0		n/a		n/a		n/a		n/a	0	n/a	8	8			8				
Irrigation Commission (KOMIR) established and operational (Component A)	Project	Number	2018	8	8		n/a		n/a		n/a		n/a	16	n/a	25	24			24				
Participatory Irrigation	Project	Number	2018	9	9		n/a		n/a		n/a		n/a	19	n/a	30	19			19				

Development and Management (PPISP) included in planning documents (Component A)																					
WUAs with trained members in decision making (Component A)	Project	Number	2018	-	-	n/a	n/a	n/a	n/a	794	n/a	1,207	390			390					
WUAs with trained female members in decision making (Component A)	Project	Number	2018	-	-	n/a	n/a	n/a	n/a	50%	n/a	66%	50%			50%					
Number of WUAs established and operational (Component A)	Project	Number	2018	-	-	n/a	n/a	n/a	n/a	68	n/a	136	90			90					
Establishment and operationalization of grievance mechanism for water users in delivery of irrigation services (Component A)	Project	Number	2018	-	-	n/a	n/a	n/a	n/a	0	n/a	10	6			6					
Number of farmer households provided with improved irrigation services (Component A)	Project	Number	2018	-	-	n/a	n/a	n/a	n/a	204,000	n/a	581,000	429,000			429,000					
Annual performance report of irrigation service providers published (Component B)	Project	Number	2018	-	-	n/a	n/a	n/a	n/a	0	n/a	1	1			1					
Irrigation Commission (KOMIR) established and operational (Component B)	Project	Number	2018	1	1	n/a	n/a	n/a	n/a	1	n/a	3	3			3					
Participatory Irrigation Development and Management (PPISP) included in planning documents	Project	Number	2018	1	1	n/a	n/a	n/a	n/a	2	n/a	4	2			2					

(Component B)																									
WUAs with trained members in decision making (Component B)	Project	Number	2018	-	-		n/a	n/a	n/a	n/a	1,826	n/a	1,826	480				480							
WUAs with trained female members in decision making (Component B)	Project	Number	2018	-	-		n/a	n/a	n/a	n/a	81%	n/a	100%	50%				50%							
Number of WUAFs established and operational (Component B)	Project	Number	2018	-	-		n/a	n/a	n/a	n/a	22	n/a	163	160				160							
Establishment and operationalization of grievance mechanism for water users in delivery of irrigation services (Component B)	Project	Number	2018	-	-		n/a	n/a	n/a	n/a	0	n/a	1	1				1							
Number of farmer households provided with improved irrigation services (Component B)	Project	Number	2018	0	0		n/a	n/a	n/a	n/a	64,000	n/a	213,000	362,000				362,000							