

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	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; Shonell Robinson, OSD - Financial Management Specialist; Susrutha Goonasekera, OSD - Social Development Specialist; Chongwu Sun, OSD - Environment Specialist; Bernadette Ndeda, OSD - Procurement Specialist; Jinghui Li, Project admin		
Completed Site Visits by AIIB:	Dec, 2018 Feb, 2019 May, 2019 Dec, 2020 Virtual mission Jun, 2020 Virtual mission Mar, 2020 Sep, 2020 Virtual mission Apr, 2021 Virtual mission Aug, 2021 Virtual mission (mid-term review) Apr, 2022 Virtual mission		
Planned Site Visits by AIIB:	Sep, 2022 (A joint implementation support mission with the World Bank)		
Current Red Flags Assigned:	1		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	2		
Previous Red Flags Assigned Date:	2022/03		

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:	56.56	Most recent disbursement (amount/date):	10.13/Jun. 09, 2022
Undisbursed:	193.44	Disbursement Ratio (%) ¹ :	22.63

5. Project Implementation Update

The project displayed significant progress in procurement and disbursements since its mid-term review (MTR) in Q3 2021, with contracts amounting to nearly USD150 million awarded in 2022, USD 60 million of which was awarded in Q2 2022. This includes awarding two major consultancy engineering contracts (value of USD39.8 million) in Q1 2022. The engineering consultants have been mobilized in February 2022. In close coordination with the Project Management Consultant (PMC), it is expected to accelerate further the finalization of all detailed engineering designs (DED) under the project and the procurement of civil works. Seven irrigation schemes with readily available detailed DED were inducted into the project through a Project Change in 2022 to expedite the procurement process further. The implementation will continue to focus on the project's action plans and targets agreed upon during the MTR.

Components	Physical Progress	Environmental & Social Compliance	Procurement
Component A: Urgent Rehabilitation of	n/a	E&S performance is Moderately Unsatisfactory (WB). While so far there are no major impact social	Twenty-three civil works contracts and four consultancy contracts have

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.

Irrigation and Drainage System (USD98.6 million)		impacts, safeguard management that includes documentation and reporting is still poor. Until the MTR, the follow-up actions agreed during the supervision mission(s) to meet the ESMF requirements are mostly delayed.	been awarded. The procurement for one civil works contract and one consultancy contract is ongoing. 18 civil works packages are under detailed engineering design preparation
Component B Strategic Modernization of Irrigation and Drainage System (USD143.0 million)	n/a	E&S performance is Moderately Unsatisfactory (WB). While so far there are no major impact social impacts, safeguard management that includes documentation and reporting is still poor. Until the MTR, the follow-up actions agreed during the supervision mission(s) to meet the ESMF requirements are mostly delayed.	Five civil work packages and two consultancy packages have been awarded. Nine civil works packages are under detailed engineering design preparation
Component C: Project Management (USD8.4 million)	n/a	n/a	PMC contract was been signed, and PMC mobilized. TAs by NPIU BangDa and NPIU BPPSDMP have been mobilized.

Financial Management:

The project continues to display good performance in financial management with respect to the timeliness of IFR and the audit report submission.

The audit report for the financial year, which ended December 31, 2021, was received on the due date of June 30, 2022. The report is deemed to be acceptable as the auditors expressed that the financial statements present fairly in all material aspects, including the financial position of the project.

However, the auditors highlighted a few deficiencies in the internal controls and compliance within the SIMURP project. The key findings presented are: 1) consolidated statements have not included all expenditures financed by government-owned funds yet, and 2) some expenditures under two directorates are not in accordance with the guideline.

Similar to the previous year, the Bank will follow up with the CPMU to ensure that these matters are timely addressed.

6. Status of the Grievance Redress Mechanism (GRM)

GRM is in place and accessible to project-affected people. Project-affected people can access the GRM mechanism through their local river basin organization offices. There are 40 complaints received in all PIUs. All complaints/concerns have been resolved locally in PIUs/construction sites. The project received complaints related to safeguards implementation, especially related to the construction activities recorded on a monthly basis by PIUs. The GRM is also reporting on the status of the solutions to address the complaints.

7. Results Monitoring

An Independent Monitoring and Evaluation team will be established under Bappenas, who is also one of the National Project Implementation Unit of the Project. CPMU, with the assistance of the PMC and in consultation with Bappenas, is drafting an M&E plan which will be discussed in the next mission in September 2022.

Project Objective Indicators #1

Area provided with new/improved irrigation or drainage services (Ha)

Year	Target	Actual	Comments, if any
Aug. 23, 2018	0 (baseline)	(baseline)	
Dec. 31, 2021	n/a	14,262	
Mar. 31, 2022	n/a	45,384	
Jun. 30, 2024	276,000	n/a	

Project Objective Indicators #2

Percentage of crop intensity (paddy)

Year	Target	Actual	Comments, if any
Aug. 23, 2018	180	(baseline)	
Dec. 31, 2021	n/a	184	
Mar. 31, 2022	n/a	186	
Jun. 30, 2024	200	n/a	

Project Objective Indicators #3

Irrigation service agreements with clear allocation of responsibilities implemented (Number)

Year	Target	Actual	Comments, if any
Aug. 23, 2018	0	(baseline)	
Mar. 31, 2022	n/a	4	
Jun. 30, 2024	9	n/a	

Project Objective Indicators #4

Asset management systems with transparent budget allocation operational (Number)

Year	Target	Actual	Comments, if any
Aug. 23, 2018	0	(baseline)	
Dec. 31, 2021	n/a	1	
Mar. 31, 2022	n/a	3	
Jun. 30, 2024	9	n/a	

Intermediate Result Indicators #1

Annual performance report of irrigation service providers published (Component A)

Year	Target	Actual	Comments, if any
Aug. 23, 2018	0 (baseline)	(baseline)	

Jun. 30, 2024	8	n/a	
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Intermediate Result Indicators #2

Irrigation Commission (KOMIR) established and operational (Component A)

Year	Target	Actual	Comments, if any
Aug. 23, 2018	8	(baseline)	
Mar. 31, 2022	n/a	15	
Jun. 30, 2024	20	n/a	

Intermediate Result Indicators #3

Participatory Irrigation Development and Management (PPISP) included in planning documents (Component A)

Year	Target	Actual	Comments, if any
Aug. 23, 2018	9	(baseline)	
Mar. 31, 2022	n/a	19	
Jun. 30, 2024	20	n/a	

Intermediate Result Indicators #4

WUAs with trained members in decision making (Component A)

Year	Target	Actual	Comments, if any
Aug. 23, 2018	0	(baseline)	
Mar. 31, 2022	n/a	137	
Jun. 30, 2024	270	n/a	

Intermediate Result Indicators #5

WUAs with trained female members in decision making (Component A), in percentage

Year	Target	Actual	Comments, if any
Aug. 23, 2018	0	(baseline)	
Mar. 31, 2022	n/a	16	
Jun. 30, 2024	50	n/a	

Intermediate Result Indicators #6

Number of WUAFs established and operational (Component A)

Year	Target	Actual	Comments, if any
Aug. 23, 2018	0	(baseline)	
Mar. 31, 2022	n/a	52	
Jun. 30, 2024	90	n/a	

Intermediate Result Indicators #7

Establishment and operationalization of grievance mechanism for water users in delivery of irrigation services (Component A)

Year	Target	Actual	Comments, if any
Aug. 23, 2018	0	(baseline)	
Jun. 30, 2024	6	n/a	

Intermediate Result Indicators #8

Number of farmer households provided with improved irrigation services (Component A)

Year	Target	Actual	Comments, if any
Aug. 23, 2018	0	(baseline)	
Mar. 31, 2022	n/a	124,000	
Jun. 30, 2024	300000	n/a	

Intermediate Result Indicators #9

Annual performance report of irrigation service providers published (Component B)

Year	Target	Actual	Comments, if any
Aug. 23, 2018	0	(baseline)	
Jun. 30, 2024	1	n/a	

Intermediate Result Indicators #10

Irrigation Commission (KOMIR) established and operational (Component B)

Year	Target	Actual	Comments, if any
Aug. 23, 2018	1	(baseline)	
Mar. 31, 2022	n/a	1	
Jun. 30, 2024	4	n/a	

Intermediate Result Indicators #11

Participatory Irrigation Development and Management (PPISP) included in planning documents (Component B)

Year	Target	Actual	Comments, if any
Aug. 23, 2018	1	(baseline)	
Mar. 31, 2022	n/a	1	
Jun. 30, 2024	4	n/a	

Intermediate Result Indicators #12

WUAs with trained members in decision making (Component B)

Year	Target	Actual	Comments, if any
Aug. 23, 2018	0	(baseline)	
Mar. 31, 2022	n/a	270	
Jun. 30, 2024	480	n/a	

Intermediate Result Indicators #13

WUAs with trained female members in decision making (Component B), in percentage

Year	Target	Actual	Comments, if any
Aug. 23, 2018	0	(baseline)	
Mar. 31, 2022	n/a	38	
Jun. 30, 2024	50	n/a	

Intermediate Result Indicators #14

Number of WUAFs established and operational (Component B)

Year	Target	Actual	Comments, if any
Aug. 23, 2018	0	(baseline)	
Mar. 31, 2022	n/a	15	
Jun. 30, 2024	160	n/a	

Intermediate Result Indicators #15

Establishment and operationalization of grievance mechanism for water users in delivery of irrigation services (Component B)

Year	Target	Actual	Comments, if any
Aug. 23, 2018	0	(baseline)	
Jun. 30, 2024	9	n/a	

Intermediate Result Indicators #16

Number of farmer households provided with improved irrigation services (Component B)

Year	Target	Actual	Comments, if any
Aug. 23, 2018	0	(baseline)	
Mar. 31, 2022	n/a	104,900	
Jun. 30, 2024	587000	n/a	

Remarks: