

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		
Planned Site Visits by AIIB:	Aug, 2023 Joint implementation mission with the World Bank		
Current Red Flags Assigned:	1		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	1		

Previous Red Flags Assigned Date:	2022/12
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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:	234.00	Cancellation (if any):	0.00
Disbursed:	136.91	Most recent disbursement (amount/date):	23.50/Jun. 28, 2023
Undisbursed:	113.09	Disbursement Ratio (%) ¹ :	54.77

5. Project Implementation Update

The Project implementation continues to display substantial progress. Since the last reporting cycle, the Project has disbursed USD54 million and completed tendering for contracts worth USD150 million. This brings to a total awarded contracts of 94% of the loan proceeds and total disbursements of 55%, both of which exceed the procurement and disbursements targets set for June 30, 2023 (agreed upon at the October 2022 mission) of 90% and 34%, respectively. Further, the Project has made significant progress toward achieving the Project Objective Indicators' targets, with the end-target of two (out of four) Indicators being fully met. The Project implementation will further focus on (1) contracting the remaining 6% of the loan proceeds through procurement processes and amendment of ongoing contracts, expected to be concluded by Q4 2023, and (2) close monitoring of the ongoing civil work contracts to ensure completion by the loan closing.

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.

Components	Physical Progress	Environmental & Social Compliance	Procurement
Component A: Urgent Rehabilitation of Irrigation and Drainage System (USD98.6 million)	61% (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.	Out of 55 contracts envisaged under the component, 53 contracts have been awarded, of which 12 have been completed, and 41 are under implementation. The procurement process of one package is ongoing and expected to be completed in August 2023. One consultancy package is under preparation.
Component B Strategic Modernization of Irrigation and Drainage System (USD143.0 million)	36% (of all civil work contracts)	Same as the above.	All contracts envisaged under the component have been awarded, of which three contracts have been completed, and 17 are under implementation.
Component C: Project Management (USD8.4 million)	n/a	n/a	Out of four contracts envisaged under the component, two contracts have been awarded and are under implementation. The procurement process of the two remaining contracts is expected to commence in July 2023.

Financial Management:

The Project maintains timely submission of IFR and audit reports. The FY2022 audit report was timely submitted on June 30, 2023, with a clean opinion. Some internal control deficiencies and ineligible expenditures totaling around USD 1.49 million were indicated in the audit report and will be periodically followed up by the Project.

The disbursement has been improving since early 2023, with the most recent withdrawal application submitted in June 2023 totaling USD 23.5 million, accumulating the total disbursement to USD 137 million (55% of the total allocation).

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. To date, there have been 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 (please refer to the full RMF, which can be found on the last page of this PIMR)

The Project has made significant progress toward the achievement of the Project Objective Indicators' targets, with the end-targets of two out of four Indicators (#3 and #4) being fully met.

The Project Management Consultant (PMC) is performing the Monitoring and Evaluation (M&E) role on behalf of the CPMU. An independent M&E team will also be established under Bappenas (as one of the National PIUs), expected to start its operation in October 2023.

Remarks:

Participatory Irrigation Development and Management (PPISP) included in planning documents (Component A)	Project	Number	2018	9	9	n/a	n/a	n/a	n/a	19	n/a	19	19	19						
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	50%	50%	50%						
Number of WUAFs established and operational (Component A)	Project	Number	2018	-	-	n/a	n/a	n/a	n/a	68	n/a	126	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	1	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	395,000	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	1	3	3						
Participatory Irrigation Development and Management (PPISP) included	Project	Number	2018	1	1	n/a	n/a	n/a	n/a	2	n/a	2	2	2						

