

## 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; Shonell Robinson, OSD - Financial Management Specialist; Susrutha Goonasekera, OSD - Social Development Specialist; Chongwu Sun, OSD - Environment Specialist; Guoping Yu, OSD - Procurement 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		
Planned Site Visits by AIIB:	Apr, 2023 Joint implementation support mission with the World Bank		
Current Red Flags Assigned:	1		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	1		
Previous Red Flags	2022/06		

Assigned Date: 

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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:		Cancellation (if any):	0.00
Disbursed:	103.41	Most recent disbursement (amount/date):	21.00/Nov. 21, 2022
Undisbursed:	146.59	Disbursement Ratio (%) <sup>1</sup> :	41.37

**5. Project Implementation Update**

The Project continues to display substantial progress in disbursements and procurements. Since the last reporting cycle, the Project has disbursed USD 26 million and commenced tendering contracts worth USD 130 million. These improvements are attributed to the recruitment and mobilization of a Project Management Consultant (PMC) and two dedicated engineering consultancies in Q2 2022, which has significantly accelerated the finalization of detailed engineering designs and the subsequent procurement processes. To further accelerate the procurement process, seven irrigation schemes with readily available detailed DED (and advanced readiness for starting the bidding process) were inducted into the project through a Project Change in 2022. The short-term implementation focus is ensuring the timely awarding of civil work contracts, with a majority expected to be awarded by the next implementation mission of the Bank (Q2 2023).

<sup>1</sup> 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)	39% (of all ongoing civil work contracts)	<p>During this reporting period, the progress of environmental safeguards implementation, in terms of the completion of the related documents, has been improved, reflected by about 80% of rapid self-assessments (to be verified on their quality). Further, improvements in integrated pest management and chemical pesticide reduction were also identified.</p> <p>While records indicate that no major social issues are encountered at the ongoing physical works and no major adverse social impacts are anticipated for the subprojects under preparation, the last implementation mission found that the (PMU-led) ES screening may not fully capture the social issues in the field, in particular, those related to the communities' assets affected by the rehabilitation works. The mission had advised the PIUs to be cautious and accurately present any potential safeguards issues in the summary table provided with the links to the supporting document (i.e., minutes of consultations, grievance records, pictures).</p>	Twenty-nine civil works contracts and four consultancy contracts have been awarded. The procurement for eleven civil works contracts and one consultancy contract is ongoing. Two consultancy packages are under preparation.
Component B Strategic Modernization of Irrigation and Drainage System (USD143.0 million)	51% (of all ongoing civil work contracts)	Same as the above.	Five civil work packages and three consultancy packages have been awarded. Eight civil works packages are in the procurement process. Four civil works packages are under preparation.
Component C: Project Management (USD8.4 million)	n/a	n/a	<p>PMC contract has been signed, and PMC mobilized.</p> <p>TAs by NPIU BangDa and NPIU BPPSDMP have been mobilized.</p>

**Financial Management:**

The project maintains timely submission of IFR and audit report submission. The project has resolved all findings from the FY2021 audit report, including the refund of ineligible expenditures to the Designated Account totaling USD 5,414. The refund was made in September 2022 and has been reflected in IFR Q3 2022.

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A withdrawal application of USD 20.75 million was submitted in the second week of January 2023. This will bring the total disbursement rate to 41.4%. The project has secured IDR 1 trillion, or equivalent to USD 64.9 million for the FY2023 budget, and will start the budget revision process to top up the amount in January 2023. The project will ensure an adequate budget is available on time for implementation in Q1 and Q2 2023.

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**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. The October 2022 mission questioned the performance of grievance channels at several project sites. This will be reported in the monthly project implementation meeting, with corrective action (if needed) to be taken immediately.

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

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 April 2023.

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**Remarks:**

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