

## SBF Project Implementation Monitoring Report

### Indonesia: Strategic Irrigation Modernization and Urgent Rehabilitation Project

#### 1. Project Information

Project ID:	000060	Investment Number:	L0060A
Member:	Indonesia	Region:	South-Eastern asia
Sector:	Water	Sub-sector:	
AIB Financing Type:	Loan: 250 USD million	Co-financier(s):	IBRD
E&S category:	B	Borrower:	Republic of Indonesia
Red Flags Assigned:	2	Monitoring Regime:	Enhanced Monitoring- Level I
Implementing Agency:	Directorate General of Water Resources (DGWR) of Ministry of Public Works (MPWH)		
Project Team Leader:	David Ginting		
Project Team Members:	Chongwu Sun, Senior Environment Consultant Jana Halida Uno, Senior Operational Policy Specialist Haiyan Wang, Senior Finance Officer Shonell Robinson, Financial Management Specialist Susrutha Goonasekera, Senior Social Development Specialist Xiaowei Guo, Procurement Consultant Antong Hu, Project Assistant		
Completed Site Visits by AIB:	Dec, 2018  Feb, 2019  May, 2019  Mar, 2020  Jun, 2020 Virtual mission  Sep, 2020 Virtual mission  Dec, 2020 Virtual mission		
Planned Site Visits by AIB:	Mar, 2021 No site visit has been planned due to travel restriction by Covid-19 pandemic. A virtual mission is planned to be conducted in March 2021.		

#### 2. Project Summary and Objectives

The project aims to improve irrigation services and strengthen 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 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).

#### 3. Key Dates

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

#### 4. Disbursement Summary (USD million)

a) Committed:	250	b) Cancellation (if any):	
c) Disbursed:	10.99	d) Most recent disbursement: (amount / date)	5, Nov. 3, 2020
e) Undisbursed:	239.01	f) Disbursement Ratio(%) <sup>1</sup> :	4.4

<sup>1</sup> Disbursement Ratio is defined as the volume (i.e. the dollar amount) of total disbursed amount as a percentage of the net committed volume, i.e.,  $f = c / (a - b)$

## 5. Project Implementation Update

As of the last implementation support mission in December 2020, the project has progressed with eight civil works have been awarded (out of the ten civil work packages targeted for 2020) with a total value of USD 65 million. No Objection Letter (NOL) have been provided for two remaining civil works packages, with a total value of USD 12 million. Three large consultancy packages for Technical Assistant (TA) for CPMU and CPIU, including one contract for recruiting a Project Management Consultant (PMC), with a total value of USD 42 million are in progress. The delayed completion of engineering design and the succeeding procurement process (due to the limited capacity of CPIU and CPMU, and delayed recruitment of PMC / TA for Detailed Engineering Design - DED) remained as the main implementation challenges.

Covid-19 Pandemic has created additional delays to the project. Due to underestimation of the forecasted project expenditure for 2020, the project's budget allocation (DIPA) must be revised/increased. The revision process is underway yet has been delayed. MPWH (as the host of the CPMU) has been recently focusing its effort on revising its general budget to enable the implementation of Covid-19 relief works (national government's program to provide livelihood by employing local communities to undertake various small-scale civil works). CPMU is targeting to request DIPA revision in January 2021 to cover payments of ongoing civil works and anticipated works in 2021.

Components	Physical Progress	Environmental & Social Compliance	Procurement
Component 1: Urgent Rehabilitation of Irrigation and Drainage System (USD98.6 million)	n/a	n/a	Six civil work packages (total contract value of USD 24.5 million) have been awarded. Two remaining civil works packages are in process (total value of USD 12 million).
Component 2 Strategic Modernization of Irrigation and Drainage System (USD143.0 million)	n/a	n/a	Two civil work packages (total contract value of USD 41 million) have been awarded.
Component 3: Project Management (USD8.4 million)	n/a	n/a	Procurement for hiring TA consultants (for the DED and supervision works of component 1 and 2) is in progress.  For the TA PMC by CPMU, it is at the technical and financial evaluation stage.  For the TAs by CPIU, the RFP is to be issued to shortlisted consulting firms.  For the TA Modernization Management by the NPIU OP, a NOL to the TOR, draft RFP and shortlist are to be submitted to WB.  TAs by NPIU BangDa and NPIU BPPSDMP have been contracted

### Financial Management:

The project maintains its compliance with the timely submission of interim financial report. The FY 2019 audit report was submitted in a timely manner and the auditors issued a clean opinion on project financial statement. However, the financial statements were not prepared in the format stipulated in the POM, to provide assurance on the expenditure breakdown for each of the source of financing, project's components, and categories. The auditors also raised concerns regarding overpayment of travel/meetings related expenditures and delayed of the redeposit of the remaining cash advance of several activities. The total refund required to the designated account to be further utilized for project's purposes is equal to IDR 324,990,850. The CPMU has been requested to follow up on the audit report findings and ensure that all ineligible expenditures are refunded to the project's designated account.

## 6. Status of the Grievance Redress Mechanism (GRM)

A GRM has been established. No grievance has been registered so far.

## 7. Results Monitoring

At this stage, project's progress has been limited to contract awarded of few civil works and consultancy services. No update yet on the results monitoring framework. Division of responsibilities among CPMU, CPIU and NPIUs for the monitoring of the PDO indicators was agreed. National Steering Committee of Water Resources (NSCWR) chaired by Directorate of Water Resources and Irrigation of BAPPENAS plan to recruit consultants to form the Independent Monitoring and Evaluation team (IME Bappenas). Mid-Term Review (MTR) is scheduled in Q2 2021, and indicator progress status of PDO will be updated.

Baseline Year: Jan. 1, 2018 End Target Year: Jan. 1, 2024

Project Objective Indicators	Year	Target	Actual	Others, if any
Area provided with new/improved irrigation or drainage services (Ha)	Jan. 1, 2018	0 (baseline)	n/a	
Area provided with new/improved irrigation or drainage services (Ha)	Jan. 1, 2024	276,000	-	
Percentage of crop intensity (paddy)	Jan. 1, 2018	180 (baseline)	n/a	
Percentage of crop intensity (paddy)	Jan. 1, 2024	200	-	
with clear allocation of responsibilities implemented (Number)	Jan. 1, 2018	0 (baseline)	n/a	
with clear allocation of responsibilities implemented (Number)	Jan. 1, 2024	9	-	
Asset management systems with transparent budget allocation operational (Number)	Jan. 1, 2018	0 (baseline)	n/a	
Asset management systems with transparent budget allocation operational (Number)	Jan. 1, 2024	9	-	

Intermediate Result Indicators	Year	Target	Actual	Others, if any
Annual performance report of irrigation service providers published (Component A)	Jan. 1, 2018	0 baseline	n/a	
Annual performance report of irrigation service providers published (Component A)	Jan. 1, 2024	8	-	
Irrigation Commission (KOMIR) established and operational (Component A)	Jan. 1, 2018	8 (baseline)	n/a	
Irrigation Commission (KOMIR) established and operational (Component A)	Jan. 1, 2024	20	-	
Number of farmer households provided with improved irrigation services (Component A) (thousand)	Jan. 1, 2018	0 (baseline)	n/a	
Number of farmer households provided with improved irrigation services (Component A) (thousand)	Jan. 1, 2024	300	-	
Annual performance report of irrigation service providers published (Component B)	Jan. 1, 2018	0 (baseline)	n/a	
Annual performance report of irrigation service providers published (Component B)	Jan. 1, 2024	1	-	
Irrigation Commission (KOMIR) established and operational (Component B)	Jan. 1, 2018	1 (baseline)	n/a	
Irrigation Commission (KOMIR) established and operational (Component B)	Jan. 1, 2024	4	-	
Number of farmer households provided with improved irrigation services (Component B) (thousand)	Jan. 1, 2018	0 (baseline)	n/a	
Number of farmer households provided with improved irrigation services (Component B) (thousand)	Jan. 1, 2024	587	-	

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improved irrigation services (Component B) (thousand)				
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**Remarks:**