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Independent Office of Evaluation

Republic of Indonesia

COUNTRY STRATEGY AND PROGRAMME EVALUATION







**Republic of Indonesia**

**Country Strategy and Programme Evaluation**

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Photos of activities supported by IFAD-financed projects in the Republic of Indonesia

Front cover: Pick-up car transporting harvest to cities around South Minahasa, North Sulawesi in UPLANDS location. ©IFAD/Deborah Tobing.

Back cover: Farmer group members work on farming road in UPLANDS location in South Minahasa, North Sulawesi. ©IFAD/Deborah Tobing (left); Fishermen drying the day's catch in Raja Ampat, West Papua, TEKAD project. ©IFAD/Iqbal Abisaputra (right).

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## **Foreword**

*This country strategy and programme evaluation is the third conducted in the Republic of Indonesia, covering the period 2013-2021 (the second spanned 2004-2012).*

*IFAD and the Government have forged a closer, respected and trusted relationship. The Fund recognizes that systemic change takes time and has provided dependable support, even when it has resulted in a trade-off in implementation efficiency. IFAD has embraced relevant challenges, including support for the Government's decentralization agenda, targeting youth, and politically sensitive issues such as peatland protection and haze reduction. The Fund has also built valuable partnerships with a few actors, such as the United Nations Rome-based Agencies, the private sector (notably Mars) and research bodies like the World Agroforestry Centre. Crucially, the farmers themselves report that they have benefited from farmer field schools and working with village facilitators in IFAD-supported projects. They report increased knowledge and capacity, and the adoption of innovative techniques, leading to higher yields.*

*Despite these positive results, the evaluation found that the country programme has become less focused over time, with more scattered geographic targeting resulting in a shift away from the poorest areas. While individual projects may be relevant, their theories of change lack connection with overarching objectives, and IFAD grants have added limited value. Few concrete attempts have been made to create synergies and collaborate with other agricultural development actors, due to the lack of sufficient financial and human resources. The Government's need for technical expertise, policy support and increasing global presence has not yet been fulfilled by IFAD. Related to this, the programme dedicated limited time and resources to developing useful monitoring and evaluation systems, and knowledge-management strategies. This has limited demonstrating the achievements of projects, including innovations, scaling up and the sharing of lessons with partners. Lastly, complex project designs, pressure to disburse too quickly, and project-management issues have hampered the implementation of projects.*

*This evaluation therefore recommends ensuring the new country strategy has a narrower and sharper geographic and thematic focus, that projects are interlinked, and that the country programme adds value and complements the work of others. The evaluation also recommends developing a practical monitoring and evaluation system, which promotes innovation and supports management decision-making and prioritizing of knowledge management, through a country programme-wide strategy. Project designs also need to be less complex and suited to the capacity of implementing agencies, and project management units strengthened, with sufficient time and resources to set up management and financial systems.*

*I hope that the results of this evaluation will be useful in strengthening the current and future partnership between IFAD and the Government of Indonesia, to reduce rural poverty and enable inclusive and sustainable rural transformation.*

*Indran A. Naidoo*

**Indran A. Naidoo, PhD**  
Director  
Independent Office of Evaluation of IFAD

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## Currency equivalent, weights and measures

### Currency equivalent

|          |   |                           |
|----------|---|---------------------------|
| IDR      | = | Indonesian Rupiah         |
| US\$1.00 | = | IDR12,189 (2013)          |
| US\$1.00 | = | IDR14,360 (December 2021) |

### Weights and measures

|                   |   |                   |
|-------------------|---|-------------------|
| 1 kilogram (kg)   | = | 1000 grams        |
| 1 000 kg          | = | 2.204 lb.         |
| 1 quintal         | = | 100 kg            |
| 1 metric ton (MT) | = | 1000 kg           |
| 1 kilometre (km)  | = | 0.62 mile         |
| 1 metre           | = | 1.09 yards        |
| 1 square metre    | = | 10.76 square feet |
| 1 acre            | = | 0.405 hectare     |
| 1 hectare (ha)    | = | 2.47 acres        |

## Abbreviations and acronyms

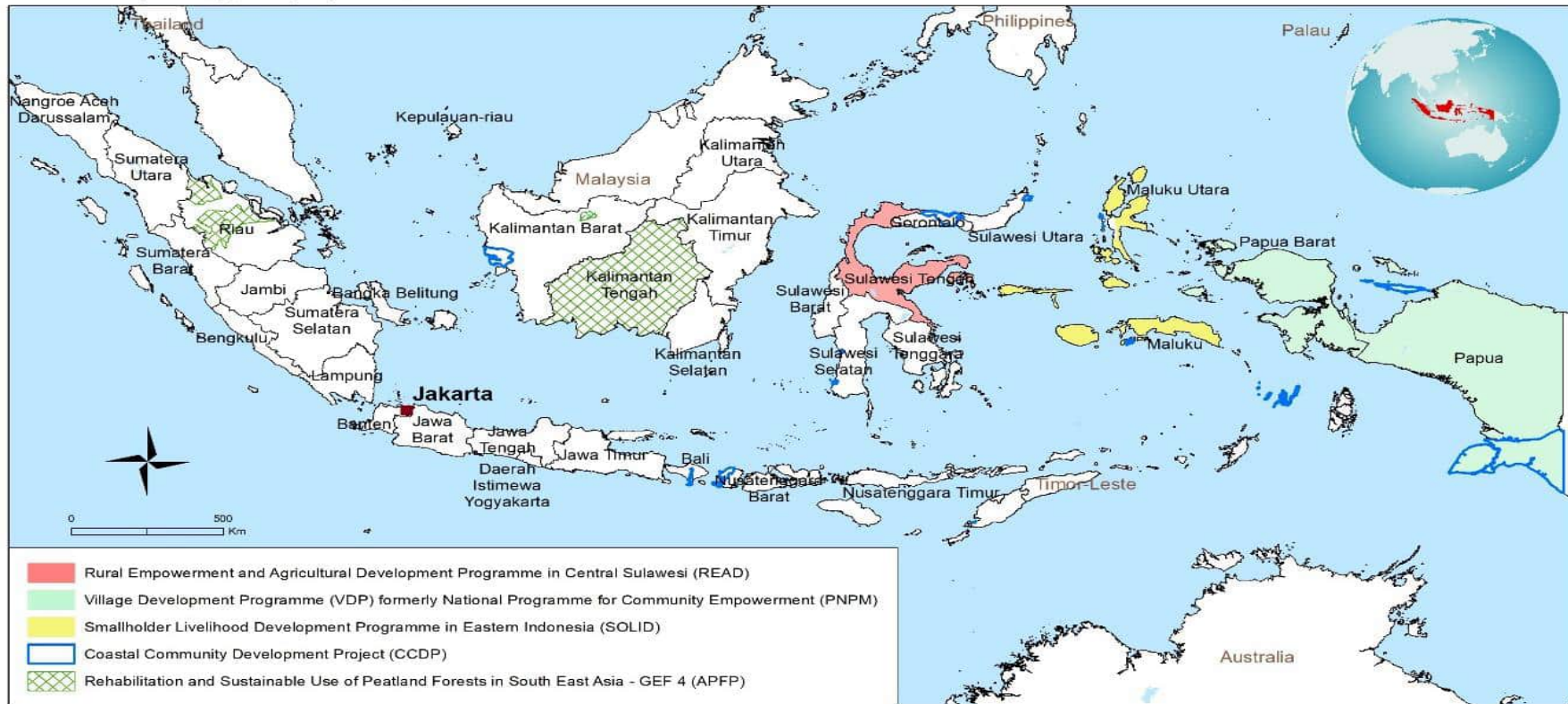
|          |  |
|----------|--|
| ACP      | agreement at completion point  |
| ADB      | Asian Development Bank   |
| APR      | Asia and Pacific Division of IFAD  |
| ASEAN    | Association of Southeast Asian Nations   |
| BAPPENAS | State Ministry of National Development Planning                                      |
| CCA      | climate change adaptation  |
| CDD      | community-driven development   |
| CCDP     | Coastal Community Development Project  |
| CPE      | country programme evaluation   |
| COSOP    | country strategic opportunities programme  |
| CSPE     | country strategy and programme evaluation  |
| ENRM     | environment and natural resources management   |
| FAO      | Food and Agriculture Organization of the United Nations                              |
| GEF      | Global Environment Facility  |
| GEWE     | gender equality and women's empowerment  |
| IMPLI    | Integrated Management of Peatland Landscapes In Indonesia                            |
| IOE      | Independent Office of Evaluation of IFAD   |
| IPDMIP   | Integrated Participatory Development and Management of the Irrigation Sector Project |
| KM       | knowledge management   |
| M&E      | monitoring and evaluation  |
| MAHFSA   | Measurable Action for Haze-free Sustainable Land Management in South-East Asia       |
| MIC      | middle-income country  |
| MIS      | management information system  |
| MoA      | Ministry of Agriculture  |
| MoEF     | Ministry of Environment and Forestry   |
| MoF      | Ministry of Finance  |
| MoHA     | Ministry of Home Affairs   |
| MMAF     | Ministry of Marine Affairs and Fisheries   |
| MoV      | Ministry of Villages, Underdeveloped Regions and Transmigration                      |
| MTR      | midterm review   |
| PCR      | project completion report  |
| PCRV     | project completion report validation   |
| PDR      | project design report  |



|               |  |
|---------------|--|
| PMD           | Programme Management Department of IFAD  |
| PMU           | project management unit  |
| PNPM          | National Programme for Community Empowerment in Rural Areas Project                                    |
| PPE           | project performance evaluation   |
| PPIU          | provincial project implementation unit   |
| RBA           | Rome-based agency  |
| READ          | Rural Empowerment and Agricultural Development Programme in Central Sulawesi                           |
| READSI        | Rural Empowerment and Agricultural Development Scaling-Up Initiative                                   |
| RIMS          | Results and Impact Management System (IFAD)  |
| SDG           | Sustainable Development Goal   |
| SHG           | smallholder groups   |
| SMPEI         | Sustainable Management of Peatland Ecosystems in Indonesia   |
| SOLID         | Smallholder Livelihood Development Project in Eastern Indonesia  |
| SO            | strategic objective  |
| TEKAD         | Integrated Village Economic Transformation Project ( <i>Transformasi Ekonomi Kampung Terpadu</i> )     |
| ToC           | theory of change   |
| UPLANDS       | The Development of Integrated Farming Systems in Upland Areas  |
| VDP (ex-PNPM) | Village Development Programme (ex-National Programme for Community Empowerment in Rural Areas Project) |
| WUA           | water users association  |
| YESS          | Youth Entrepreneurship and Employment Support Services Programme                                       |

# Map of IFAD-funded closed projects in Indonesia<sup>1</sup>

Country strategy and programme evaluation

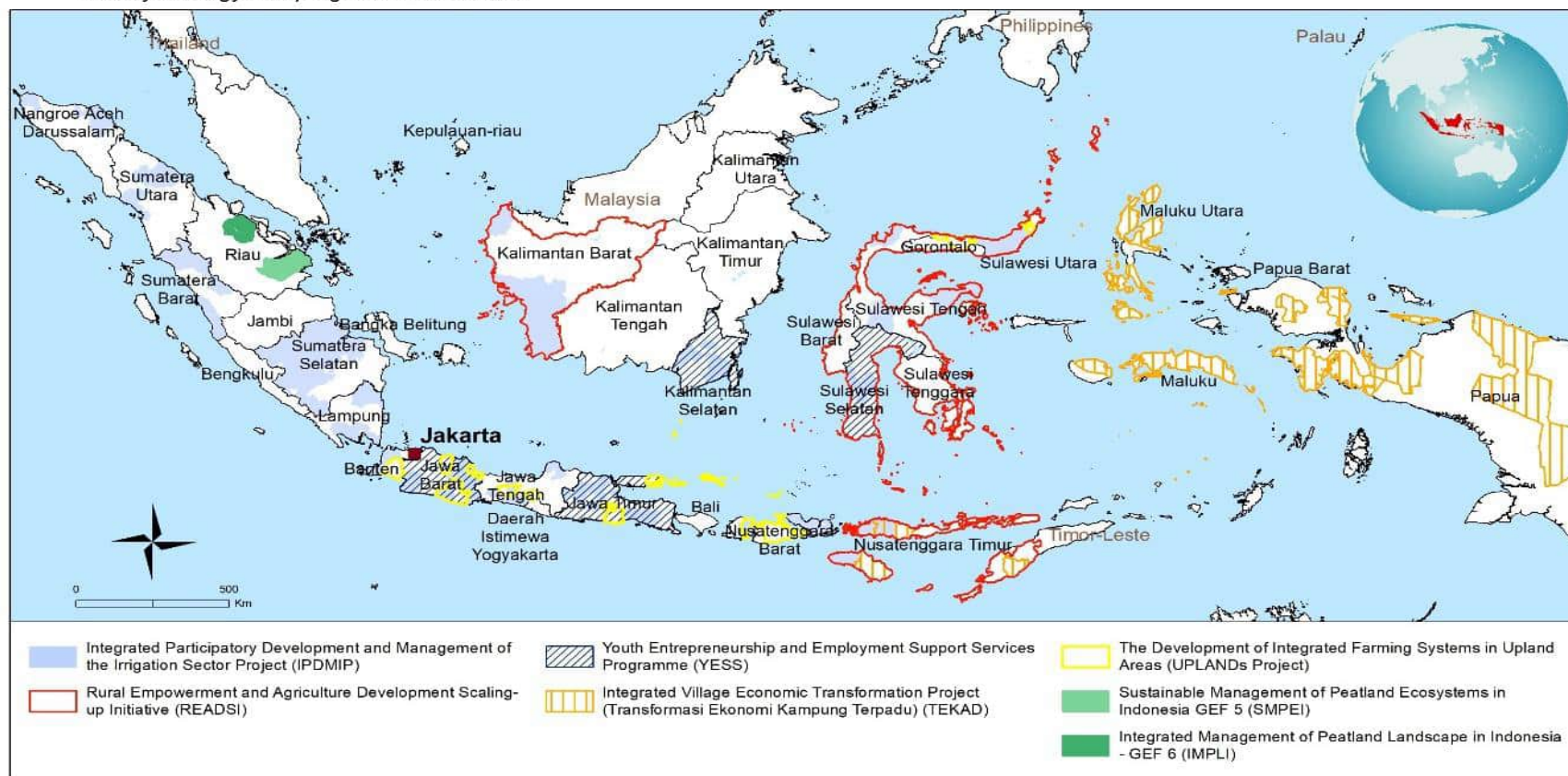


The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.  
 Map compiled by IFAD | 29-03-2021

<sup>1</sup> As of March 2021.

## Map of IFAD-funded ongoing projects in Indonesia<sup>2</sup>

Country strategy and programme evaluation



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

Map compiled by IFAD | 25-03-2021

<sup>2</sup> As of March 2021.

**Discussion with women's group in Raja Ampat, West Papua, TEKAD project**  
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## Executive summary

### A. Background

1. The Independent Office of Evaluation of IFAD (IOE) conducted the third Country Strategy and Programme Evaluation (CSPE) in the Republic of Indonesia, covering 2013 to 2021. The two previous evaluations were completed in 2004 and 2014. The main objectives of this CSPE are to: (i) assess the results and performance of the IFAD-financed strategy and programme in Indonesia; and (ii) generate findings and recommendations for the future partnership between IFAD and the Government of Indonesia for enhanced development effectiveness and rural transformation.
2. **Scope.** The CSPE assesses the results and performance of country strategies, lending portfolio and non-lending activities conducted since 2013, after the conclusion of the last country programme evaluation (CPE) and since the approval of the 2014/2015 Interim Country Strategy and the country strategic opportunities programme (COSOP) (2016). This CSPE covers nine loan projects. These are: Rural Empowerment and Agricultural Development in Central Sulawesi (READ); Village Development Programme (VDP); Smallholder Livelihood Development Project (SOLID); Coastal Community Development Project (CCDP); Integrated Participatory Development and Management of the Irrigation Sector Project (IPDMIP); Rural Empowerment and Agriculture Development Scaling-up Initiative (READSI); The Development of Integrated Farming Systems in Upland Areas (UPLANDS); Integrated Village Economic Transformation Project (TEKAD); and Youth Entrepreneurship and Employment Support Services Programme (YESS). The CSPE also covers 14 grants (Global Environment Facility [GEF] grants and IFAD in-loan, country-specific and regional/global grants).
3. **Country background.** The Republic of Indonesia is the fourth most populous country in the world, with 270 million inhabitants comprising 300 ethnicities. It has nearly 75,000 rural villages, and one-third of the population is engaged in agriculture. In 2021, the World Bank returned Indonesia to lower-middle-income status amid COVID-19, after it briefly gained upper-middle-income status in 2020 (with Gross National Income per capita of US\$4,050 in 2019). Indonesia is a presidential democracy, with a decentralized administration comprising several levels of elected local government from provincial-, district- and including village-level governments. In 2014, the Village Law was introduced, providing a regulatory framework to channel funds directly to village governments.
4. Poverty rates in Indonesia have steadily declined over two decades. In 2019, nine per cent of the population lived under the national poverty line (compared to 23.4 per cent in 1999), and two-thirds of them reside in rural areas. However, there are huge disparities among regions, with a poverty rate much higher in eastern Indonesia (33 per cent) than the national average. Furthermore, the maternal mortality and child-stunting rates are particularly high, at 177 per 100,000 live births and 30.5 per cent (in 2019), respectively.
5. Agriculture accounts for 13.7 per cent of Indonesia's Gross Domestic Product. The sector is dominated by smallholders (over 90 per cent). They typically cultivate small plots of less than 0.8 hectares, with those in lowlands generally growing rice and those in the uplands growing cash crops. Despite improvements in irrigation, input supply and technical know-how, several challenges remain, including lack of access to quality seeds, improved technologies and reliable production information, and poor maintenance of irrigation systems and roads. Poor land management, rapid deforestation and peat fires also put farming at risk. Moreover, access to markets has been constrained by a lack of trust in cooperatives.
6. **IFAD in Indonesia.** Since the beginning of its operations in Indonesia in 1980, IFAD has approved 21 projects, of which one was cancelled. Accounting for counterparts' funding, the total cost of the remaining 20 projects is US\$2.765 billion, of which IFAD

has financed US\$670 million. The nine investment projects covered in this evaluation received funding commitments of US\$2.2 billion, with IFAD loans comprising US\$449 million (21 per cent).

7. Under the recent COSOP, IFAD has three strategic objectives whereby smallholder producers: (i) participate in remunerative agricultural markets; (ii) are more resilient to risks; and (iii) have their needs met by rural institutions delivering responsive services. The 2020 draft of the United Nations Rome-based agencies' Joint Country Strategic Plan (2021-2025) for Indonesia also provides direction to IFAD's work over the next five years.

## **B. Main findings**

8. **Relevance** of country strategies and portfolio is rated as moderately satisfactory. The COSOPs and the project portfolio align well with the Government's priorities and beneficiaries' needs. IFAD embraces relevant challenges, including long-term support for the Government's decentralization agenda, targeting youth, and politically sensitive issues such as peatlands protection and haze reduction. The shift in the portfolio's focus from production only to value chains reflects the Government's changing priorities and is appreciated by some beneficiaries. However, less attention has been given to meeting an underperforming SDG and poverty reduction. The Government's need for technical expertise, policy support and increasing global presence has not yet been fulfilled by IFAD.
9. Higher-level objectives in designs are dictated by IFAD corporate requirements and formulation. However, these are not sufficiently contextualized and pathways for achievement are not clear. Moreover, ambitious and increasingly complex project designs did not adequately take into account the implementing agencies' capacities, which led to the frequent need for redesign.
10. Targeting was better addressed in earlier projects and involved a more rigorous selection process, to ensure targeting of the poorest households. Although the COSOP identified eastern Indonesia as a geographic focus, targeting has gradually shifted away from the region. Furthermore, targeting the poorest beneficiaries and villages has increasingly given way to practical considerations of district readiness and potential for development. Nevertheless, IFAD has responded appropriately to the need to target youth.
11. **Coherence** of country strategies and portfolio is rated as moderately satisfactory. IFAD had a comparative advantage with its previous niche focus on agricultural development for eastern Indonesia. However, the recent emphasis on value chain and more widespread geographic targeting risks duplication (but also potential for cooperation) with other development players. While there are strong intentions to cooperate, few concrete attempts have been made to create synergies and collaborate with other agricultural development actors due to the lack of sufficient financial and human resources.
12. The country strategy and portfolio lack internal coherence. The COSOP (2016) does not provide a coherent long-term vision, showing how IFAD's support has evolved over time and intends to support the Government's needs as a middle-income country (MIC) in the future. This is evident from project theories of change that do not readily fit together and lack connection with overarching objectives. Grant integration into projects has also been limited, which is a missed opportunity to add optimal value. Nonetheless, the project portfolio has demonstrated a chronological coherence with successive project designs and approaches, building on the lessons learned from previous ones.
13. **Knowledge management** is rated as moderately unsatisfactory. Knowledge management (KM) and advisory support are highly valued by the Government as an MIC; however, both have been constrained by limited resources. KM and policy-engagement financing reduced by 50 per cent between 2013 and 2021, and less

than 3 per cent of staff time was allocated to these. Well-defined KM strategies are absent in all projects, and frequently KM is addressed too late and seen as an add-on. Moreover, the in-loan grants have not been used strategically to strengthen the KM function. Consequently, IFAD has not fulfilled its potential and expected role in providing the Government with innovative models for scaling up.

14. **Partnership building** is rated as moderately satisfactory. Cofinancing has increasingly taken place over the evaluation period; this is in line with IFAD's stated intention to search for new cofinancing in Interim COSOP 2014-2015. While these partnerships are important in adding value, they also risk reducing IFAD's influence on projects and compromising on working approaches and internal coherence – given the large scale of loans involved. Valuable partnerships have been built with other actors too, including Rome-based agencies, the private sector and research bodies. However, little has been achieved in expanding innovative practices through partnering with NGOs.
15. **Country-level policy engagement** is rated as moderately satisfactory. IFAD has contributed to the formulation of the Village Law (2014), through its community-driven development projects. Several instances of policy engagement were also apparent, including the use of policy studies as inputs to the National Medium-Term Development Plan and Peatland policy development, through grants. However, the potential for wider policy engagement has been undermined by insufficient dedicated resources and weak KM and monitoring and evaluation (M&E) systems.
16. **Effectiveness** of the portfolio is rated as moderately satisfactory. Rural community empowerment and organization showed mixed achievement. Group formations were central to project interventions but were viewed by beneficiaries as mainly a means to receive services; they were not fundamental for organizing collective activities such as farmer field schools (FFS) and inputs sharing. On the other hand, better results were seen in groups with purposes beyond access to resources, such as community-based coastal management groups, fire protection groups (GEF grants) and the water users associations (WUA) (Integrated Participatory Development and Management of the Irrigation Sector Project). Closed projects have provided valuable lessons learned on participatory village planning. Carefully selected and well-trained village facilitators have also been effective in empowering rural communities and enhancing participatory approaches to engage people. However, fewer consultations have been undertaken with village governments in recent projects, and decision-making has shifted upstream.
17. The portfolio has effectively disseminated technologies and increased farmers' knowledge and capacity through FFS. Adoption of FFS-promoted technologies and recommended inputs has increased yields and improved natural resource management. For instance, in the Integrated Participatory Development and Management of the Irrigation Sector Project, farmers benefiting from training and soil-testing kits have a better understanding, and use, of improved seeds. Furthermore, they significantly reduced their use of chemical fertilizers, which increased yields and lowered production costs, while decreasing groundwater pollution and soil degradation.
18. Effectiveness in market access and value-chain development has been limited. All projects faced challenges in establishing market linkages, and value-chain approaches adopted to date have been largely promoting market orientation rather than being market-led. CSPE interviews and the online survey indicated that this was the least effective aspect of the programme.
19. Overall, the outreach figures of projects have been positive in terms of revised targets, with some projects closely achieving these targets and two projects exceeding revised targets of beneficiaries reached. Regarding the extent to which services provided have been responsive to beneficiaries' needs, field visits and key informant interviews indicate that village facilitators have provided effective support

and motivation to beneficiaries, contributing to high beneficiary participation during project implementation.

20. In rural finance, farmers continued to opt for informal, trusted financial services as the primary means of accessing finance. Projects have also tried to build financial resilience by encouraging beneficiaries to accumulate savings, improve financial planning and access timely loans. While savings groups have been established and training has been conducted, there is no data to indicate whether savings have provided farmers with a buffer in times of adverse shock or enabled them to manage their cash more effectively.
21. **Innovation** is rated as moderately satisfactory. The projects portfolio features a range of innovations in the Indonesian context, but documentation of innovations and KM have been limited. Moreover, the way that the management information system (MIS) and M&E system are set up does not support developing innovations, which requires trial and error. Nonetheless, evolution from a productivity-focused to whole value-chain approach in the portfolio has been noted as unique to the region. FFS have successfully introduced innovative farming techniques and skills, which farmers adopted. The Fifth Global Environment Facility/Sustainable Management of Peatland Ecosystems in Indonesia (GEF-5/SMPEI) has introduced an innovative approach for peatlands management, as it engages farmers in real-time fire monitoring and warning systems. An early innovation of a strong private-public partnership was initiated in READ, and ongoing projects aspire to develop market linkages in value chains. However, evidence has been limited on sustained market linkages developed in closed projects and on the progress made in ongoing projects.
22. **Efficiency** is assessed as moderately unsatisfactory. There have been delays in project start-up periods and early implementation, due to persisting issues in slow procurement and contracting processes, use of part-time staff and high personnel turnover. However, the implementation pace improved in the last years of implementation, and all closed projects achieved timely project completion and satisfactory loan-absorption rates (on average at 96 per cent). Project-management costs, and costs per beneficiary, are relatively high yet reasonable and within design estimates, considering the costs of managing projects in Indonesia's context. Ongoing project implementation and disbursement rates have been slow, exacerbated by COVID-19 and challenges in implementing the on-granting mechanism, and are unlikely to complete disbursement within the contracted period.
23. **Rural poverty impact** is rated as moderately unsatisfactory. There is scant credible evidence of rural impacts attributable to project interventions, given weak design, execution and quality assurance of impact studies. Nonetheless, anecdotal evidence indicated improved production techniques and market access had positively impacted beneficiaries' incomes. Regarding asset accumulation, while impact studies of READ, CCDP and SOLID claimed increased access to assets, it is hard to confirm whether these assets were accrued due to project interventions.
24. There is also no compelling evidence of projects' impacts on human and social capital. While qualitative findings suggest that FFS had positively impacted farmers' receptiveness towards new knowledge, technology adoption and improved farming practices, systematic studies to confirm this impact was absent. There were some instances where groups that had benefited from promotional efforts by projects, and had been visited by academics, contributed to bridging social capital. However, there is no systematic data collection to document these impacts.
25. IFAD's project portfolio had limited influence on institutional changes and policy. In terms of natural resource management, however, IFAD projects and GEF grants have made a significant contribution to national and regional policies in peatland management. Another notable contribution to policymaking includes improvements to village governance, particularly in participatory practices and the use of the Village Fund.



26. **Gender equality and women's empowerment (GEWE)** is rated as moderately unsatisfactory. Country programme performance has been limited, due to the lack of context-specific analysis and strategies. The COSOP (2016) explicitly put women as an intentional target group, but it is weak in explaining pathways to empowerment. Project gender strategies were not improved after design, and lacked contextual understanding. Interventions largely concentrated on quota fulfilment and meeting targets of women's participation; however, they were lacking in addressing the underlying causes of gender inequality and in reducing women's workload burdens. While women's participation targets were met in the closed projects, and are on track for ongoing projects, evidence indicating women's improved access to resources and services is limited. The Government does not regard the remaining challenges as high priorities. Consequently, the willingness to put much effort into gender equality and women's empowerment has been low.
27. **Sustainability** is assessed as moderately satisfactory. Sustainability of closed projects was achieved mainly through sequential follow-up projects: VDP evolved from the Programme for Community Empowerment in Rural Areas, and activities continued in TEKAD; READ's elements were adopted in READSI. Across projects, the use of existing farmer groups for project activities, and the fact that projects adapted to local needs and built on existing initiatives, were common facilitating factors for sustainability. Financial sustainability, and funding invested to build local ownership, were also key factors in supporting or continuing project activities. While in-built operations and maintenance plans provided a prospect for sustainability, uptake has been slow and successful implementation depended on project implementers' capacity. Besides the successful partnership with Mars, few linkages were established with private sector off-takers that continued after project closure.
28. **Scaling up** is rated as moderately satisfactory. Several instances of scaling-up activities were done by the Government and other IFAD projects outside Indonesia. One notable example is the use of community-driven development approaches, to scale up and inform the Village Law. The Programme for Community Empowerment in Rural Areas has demonstrated how financial resources planned at the village level can effectively meet community needs and provide guiding principles, as they did in leading the design of the Village Law (2014) and the Village Fund. CCDP's integrated and proactive approach to marine conservation was also adapted by the Government and the World Bank, with an extensive replication manual produced by the project management office in 2017. Due to weak KM and a weak M&E system, however, these two examples are the only significant successes of scaling up documented.
29. **Environmental and natural resources management and climate change adaptation** are collectively rated satisfactory. GEF-funded projects have provided technical and financial support that contributes to national and regional policies and regulations, related to environmental and natural resources management and climate change adaptation, particularly peatland management. The projects have also shown significant success in mapping and monitoring peatland areas, with an early-warning system for fire risks also featured. Several interventions, such as mangrove rehabilitation and preservation activities in CCDP, and sustainable palm planting in SMPEI projects, have also encouraged farmers to adopt conservation approaches; this contributes to farmers' increased resilience to the impact of climate change. While projects have introduced alternative income-generating activities, additional funding and technical support are needed to enhance results performance in alternative livelihoods.
30. Several project interventions have promoted climate-smart agricultural practices as a means of supporting farmers' adaptation to climate change, including CCDP, UPLANDS, IPDMIP and READSI. Local-level awareness and capacity building in climate risk management have also been undertaken at the project level – for instance, CCDP through ecotourism activities, UPLANDS through FFS and IPDMIP through extension-officer training. While progress has been made in strengthening

community resilience to climate change, several constraining factors, such as institutional bottlenecks and capacities, and private sector concessions, remain challenges for climate change interventions.

31. **IFAD's performance as a partner** is rated as moderately satisfactory. IFAD performed well in re-establishing a trusted relationship with the Government, aligning the portfolio with COSOP aspirations, and attracting more cofinancing to fund larger projects. IFAD's projects were designed to disburse funds too quickly during the early years, inadequately taking into account the time and support needed by project management units to set up. Supervision and support missions were valued by the Government but would have benefited from greater support being given to M&E. IFAD Country Office resources are insufficient, given the size and geographic spread of the portfolio. This also contributed to limited capacity to deliver on non-lending activities such as KM and policy engagement.
32. **Government performance** is rated moderately unsatisfactory. The Government has informed IFAD how they envisage projects addressing their priorities, and has made high financial commitments to loan projects. However, actual expenditure has been limited, worsened by COVID-19 and the introduction of the on-granting mechanism. Project management has suffered from insufficient time and resource allocation, inexperienced staff, high personnel turnover and lack of incentives to prioritize project activities. Procurement processes were often behind schedule, and key roles remained vacant in several projects. During implementation, projects were less responsive to beneficiaries' needs, due to limited flexibility than intended in the design. M&E, MIS and key surveys have been developed slowly and are not used to inform management decisions or policy. Steering committees have not been operationalized, and collaboration across and within ministries has been limited.

### C. Conclusions

33. **IFAD has earned a respected position with the Government, due to its consistent support over decades and readiness to support the Government's long-term objectives** – such as its decentralization agenda. It recognizes that institutional and systemic changes take time and has provided dependable support during the processes, even when it has resulted in an inevitable trade-off in implementation efficiency. **At the field level, village facilitators and FFS are valued.** Farmers have benefited from increased knowledge and capacity, which also led to the adoption of innovative techniques and, consequently, farmers' self-reported improved yields.
34. **Over time, the country programme has become less focused and coherent, with more scattered geographic targeting.** This risks dilution of its poverty focus, with IFAD's portfolio gradually shifting away from the poorest areas of Indonesia. It has also reduced opportunities for an in-depth understanding of local contexts. Key thematic areas, such as value chains and business development, gender, nutrition, environment and rural finance, are insufficiently understood in context; this context is not only specific to Indonesia, as an MIC, but also differs immensely across the country. The systems lens adopted in project designs has also led to increased complexity and a loss of strategic focus where IFAD has a comparative advantage. **Both internal and external coherence are lacking across the country programme, with the current COSOP providing insufficient strategic direction for a cohesive programme.**
35. **Persisting issues of weak project management and poor coordination across ministries have contributed to the delayed implementation and low initial disbursement rates.** Considerable IFAD resources have been channelled to support this long process of capacity building at the subnational level, on top of its support for decentralization. This has left significant resource gaps in other pivotal areas where the Government expected action from the partnership, such as piloting innovative models for scaling up and raising Indonesia's profile internationally.

36. **Despite the priority given to innovation, both partners have not committed sufficient time and resources to developing useful M&E and KM systems,** which are key instruments for documenting and sharing innovations and models. Resources were wasted on M&E systems that were too complicated, had limited function and were frequently developed too late to be useful. Promising practices of farmer-led monitoring systems from CCDP and Mars have not yet been fully utilized or shared with other projects. The Government has not sufficiently recognized the need to build M&E and KM capacity. The IFAD Country Office lacks the resources to adequately engage in a KM strategy and facilitate learning across projects and partners. While IFAD has provided some support to meet global environmental targets, more could have been achieved with well-targeted KM in place.

#### **D. Recommendations**

37. **Recommendation 1. Base the new COSOP on a long-term strategic vision that drives cohesive programming and meets the Government's evolving needs as a middle-income country.** Coherence can be achieved with a sharper geographic focus, interlinking projects and purposeful sequencing, as well as through integration of grants into the programme. Greater attention also needs to be given to external coherence, and particularly to how the programme adds value, complements the work of others and avoids duplication. The programme should concentrate on a few key strategic areas fully aligned with the National Medium-Term Development Plan 2020-2024, where IFAD's international expertise is critical in order to unify effort. Narrowing the scope will ensure that resources can be better targeted – for example, on eastern Indonesia and on private sector/value chains, with special emphasis on generating decent, sustainable work for poor families and widening the diversity of private sector partners.
38. **Recommendation 2. Develop project designs suited to the capacity of implementing agencies, the needs of targeted districts, and project duration.** Projects should be less complex, and include components to strengthen the capacities of the implementing agencies and implementing partners if necessary. Explore how project staff can be part of the design, through use of retroactive financing or project-preparation facilities. Project designs should provide sufficient time and resources to set up the management and financial systems at start-up.
39. **Recommendation 3. Strengthen project management units to support a more integrated programmatic approach.** IFAD and the Government should engage in dialogue over alternative programme-management arrangements, including the potential for a single programme management unit. The lead ministry could manage this, with full-time personnel who are trained in all aspects of project management and committed for the full project duration. This unit will need to have the authority and responsibility to coordinate with other directorates, ministries and all financing partners.
40. **Recommendation 4. Prioritize knowledge management through a country programme-wide strategy, which engages partners, promotes policy dialogue and stimulates regionally and internationally recognized technical capacity.** Design knowledge management for better transfer of lessons learned between projects, and develop timely knowledge products that are useful and appropriate for different audiences, including for sharing internationally. Fully integrate knowledge generation and management into programme implementation, through an adequately budgeted KM system. In this way, all implementation staff, including at the local level, assume ownership and responsibility for this key intent. Knowledge sharing should also be facilitated among development partners and Government, by supporting the creation of an intersectoral policy forum related to the food-system approach – building on the Rome-based agencies' collaboration and strategy – which can contribute to sustainability and scaling up.

41. **Recommendation 5. Develop a practical monitoring and evaluation system that promotes innovation and enables effective management.** Priority must be given to developing simple, relevant and focused M&E tools for farmers to use, which can be aggregated for project purposes. More emphasis should be placed on metrics that encourage innovative practices and less emphasis on targets and outreach. Based on these metrics, develop a more effective means of demonstrating achievements of innovations for scaling up, including both qualitative and quantitative methods. Consider splitting MIS from M&E of innovation, which are staffed and managed separately.

# Agreement at Completion Point

## A. Introduction

1. This is the third country strategy and programme evaluation (CSPE) in the Republic of Indonesia conducted by the Independent Office of Evaluation of IFAD (IOE). The main objectives of the CSPE were to: (i) assess the results and performance of the IFAD-financed strategy and programme in Indonesia; and (ii) generate findings and recommendations for the future partnership between IFAD and the Government of Indonesia for enhanced development effectiveness and rural transformation. The evaluation particularly takes into account the specific circumstances of lending to a middle-income country (MIC) and the expectations that Government has of such loans.
2. The CSPE covered the period from 2013 to 2021. It assessed the results and performance of IFAD support to Indonesia including: the 2014/2015 Interim Country Strategy, Country Strategic Opportunities Programme (COSOP) (2016), nine investment projects and a sample of 14 grants. CSPE also assessed the performance of the partnership between the Government and IFAD.
3. This agreement at completion point (ACP) contains recommendations based on the evaluation findings and conclusions presented in the CSPE report, as well as proposed follow-up actions as agreed by IFAD and the Government. The ACP is signed by the Government of Indonesia (represented by Assistant of Minister for Macro Economy and International Finance) and IFAD Management (represented by the Associate Vice President of the Programme Management Department). The signed ACP is an integral part of the CSPE report in which the evaluation findings are presented in detail, and will be submitted to the IFAD Executive Board as an annex to the new COSOP for Indonesia. The implementation of the recommendations agreed upon will be tracked through the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions, which is presented to the IFAD Executive Board on an annual basis by the Fund's Management.

## B. Recommendations and proposed follow-up actions.

4. **Recommendation 1. Base the new COSOP on a long-term strategic vision that drives cohesive programming that meets Government's evolving needs as a MIC.** Coherence can be achieved with a sharper geographic focus, interlinking projects and purposeful sequencing, as well as integration of grants into the programme. Greater attention also needs to be given to external coherence and particularly on how the programme adds value, complements the work of others and avoids duplication. The programme should concentrate on a few key strategic areas fully aligned with the RPJMN (2020-2024) where IFAD's international expertise is critical in order to unify effort. Narrowing the scope will ensure that resources can be better targeted, for example, on eastern Indonesia and on private sector/value chains, with special emphasis on generating decent sustainable work for poor families and widening the diversity of private sector partners.

**Proposed follow up.** The Government of Indonesia and IFAD agree that the new COSOP, to be designed in 2022 and submitted to IFAD Executive Board in December 2022, should provide a long-term strategic vision for the joint Indonesia-IFAD work. This vision will be developed during the COSOP consultation and design process, in order to bring together the Government's, IFAD's and other relevant partners' visions and priorities, within the framework of the National Mid-Term Development Plan 2020-2024. During the COSOP design, the Government and IFAD will take into account the evaluation recommendations on sharpening the geographic focus, providing higher priority to eastern Indonesia, strengthening value chains in partnership with private sector actors for the benefit of rural population and smallholder farmers, and

promoting sustainable work for poor rural families. Furthermore, partnership with other international development partners and cofinanciers will be sought.

**Responsible partners:** IFAD and the Government of Indonesia

**Timeline:** December 2022

5. **Recommendation 2. Develop project designs suited to the capacity of implementing agencies, the needs of targeted districts, and project duration.**

Projects should be less complex and include components to strengthen the capacities of the implementing agencies and implementing partners if necessary. Explore how project staff can be part of the design through use of retroactive financing or project preparation facilities. Project designs should provide sufficient time and resources to set up the management and the financial systems at start up.

**Proposed follow up.** IFAD foresees two new projects to be approved in the period 2022-2024 corresponding to IFAD12 cycle, one of them under design and included in the Government pipeline, and the second one on initial discussion stages with line ministries. The Government of Indonesia and IFAD agree to undertake a thorough assessment of the institutional capacities of the implementing agencies for these and future projects, and to incorporate institutional strengthening activities as needed, in response to the findings of the institutional capacities assessment. The Government and IFAD also agree to design more simple projects, bearing in mind, however, that a number of stakeholders are involved in their design and implementation, such as province and district-level governments who bring to the discussion their own priorities and expectations.

**Responsible partners:** IFAD, State Ministry of National Development Planning (BAPPENAS) and line ministries in their role of project executing agencies.

**Timeline:** 2022 onwards

6. **Recommendation 3. Strengthen project management units to support a more integrated programmatic approach.**

IFAD and Government should engage in dialogue over alternative programme management arrangements, including the potential for a single programme management unit. The lead ministry could manage this with full-time personnel who are trained in all aspects of project management and committed for the full project duration. This project management unit (PMU) will need to have the authority and responsibility to coordinate with other directorates, ministries and all financing partners.

**Proposed follow up.** The Government of Indonesia and IFAD agree on the importance of strengthening Project Management Units for greater project effectiveness and impact. However, it does not seem feasible to set-up a single programme management unit to implement all IFAD-supported projects, basically because they are currently implemented by three different ministries (Agriculture, Villages, and Environment and Forestry), that follow different supervision lines and require diverse technical skills; furthermore, in the future IFAD could partner also with other ministries. In this context, and in line with the evaluation recommendation, the Government and IFAD will start a dialogue on the possibility to set-up project service units that could provide support to all projects within the same Ministry, to perform the financial management, procurement and monitoring and evaluation, and Knowledge Management functions; these units would be staffed with full-time specialists for each area.

Furthermore, following previous discussions on the matter, the Government commits to appoint full-time staff in key managerial and technical positions, such as the Project Manager and component managers for each project and component.

**Responsible partners:** IFAD, BAPPENAS and relevant line ministries

**Timeline:** 2022 onwards

7. **Recommendation 4. Prioritize knowledge management through a country programme-wide strategy, which engages partners, promotes policy dialogue and stimulates regionally and internationally recognized technical capacity.** Design knowledge management for better transfer of lessons learned between projects and develop timely knowledge products that are useful and appropriate for different audiences, including for sharing internationally. Fully integrate knowledge generation and management into programme implementation with an adequately budgeted KM system, so that all implementation staff including at the local level assume ownership and responsibility for this key intent. Knowledge sharing also should be facilitated among development partners and Government by supporting the creation of an intersectoral policy forum related to the food system approach, building on the Rome-based agencies' collaboration and strategy, which can contribute to sustainability and scaling up.

**Proposed follow up.** The Government and IFAD agree that high priority should be given to knowledge management, and also agree to jointly develop and implement a knowledge management strategy that should be embedded into IFAD-supported projects and count with specific budget from each of them. This strategy would aim at systematizing the learnings from project implementation, generating knowledge products based on these learnings, disseminating them and informing policy discussions. It will be discussed with other development partners, mainly with those co-financing IFAD-supported projects, the possibility to involve them in this strategy. In alignment with recommendation 3, a full-time Knowledge Management officer for IFAD-supported projects will be appointed within the service unit in ministries with more than one project, and within the Project Management Unit of each project in the case of ministries implementing only one project.

**Responsible partners:** IFAD and the Government of Indonesia

**Timeline:** 2022 onwards

8. **Recommendation 5. Develop a practical M&E system that promotes innovation and enables effective management.** Priority must be given to developing simple, relevant, focused M&E tools for farmers to use themselves that can be aggregated for project purposes. More emphasis should be placed on metrics that encourage innovative practice and less emphasis on targets and outreach. Based on these metrics, develop a more effective means of demonstrating achievements of innovations for scaling up that includes both qualitative and quantitative methods. Consider splitting MIS from M&E of innovation, which are staffed and managed separately.

**Proposed follow-up.** The Government and IFAD agree on the necessity to strengthen the project Monitoring & Evaluation systems, in order to support the Government on its accountability duties, generate evidence of projects' impact, serve as project management tools and improve the projects reporting capacity to the Government and to IFAD. IFAD and the executing agencies of ongoing and future projects will prioritize this area in order to strengthen the existing M&E systems and to make them more effective, agile and focused on few key indicators. Furthermore, as discussed under recommendation 3 above on "Strengthen Project Management Units", it will be explored the possibility to set up service units that could provide M&E services to all projects within the same ministry.

**Responsible partners:** IFAD and line ministries

**Timeline:** 2022 onwards

**Signatures:**

For the Government of Indonesia:



Wempi Saputra  
Assistant of Minister for Macro Economy  
and International Finance  
Ministry of Finance

For IFAD:



Donal Brown  
Associate Vice President  
Programme Management Department



# Republic of Indonesia

## Country Strategy and Programme Evaluation

### I. Background

#### A. Introduction

1. In line with the IFAD Evaluation Policy,<sup>1</sup> and as approved by the 131st Session of the IFAD Executive Board in 2020, the Independent Office of Evaluation (IOE) has undertaken a country strategy and programme evaluation (CSPE) in the Republic of Indonesia. The evaluation assesses the results and performance of IFAD country strategies, the loan programme and non-lending activities from 2013 to 2021. This is the third country programme evaluation (CPE) of Indonesia and will inform the new country strategic opportunities programme (COSOP 2022).

#### B. Objectives, methodology and processes

2. **Objectives.** The CSPE objectives are to: (i) assess the results and performance of the IFAD-financed strategy and programme in Indonesia; and (ii) generate findings and recommendations for the future partnership between IFAD and the Government of Indonesia for enhanced development effectiveness and rural transformation. The evaluation particularly takes into account the specific circumstances of lending to a middle-income country and the expectations that the Government has of such loans.
3. This CSPE is one of the pilot evaluations to adopt the new evaluation structure, designed to provide more strategic focus;<sup>2</sup> it rates the performance on the same scale of 1 (lowest) to 6 (highest). The CSPE adopted the following criteria to assess the country strategy and programme: (i) relevance; (ii) coherence; (iii) effectiveness, including environment and natural resources management (ENRM), climate change resilience and adaptation, and innovation; (iv) efficiency; (v) impact on rural poverty, including the four impact domains (household incomes and net assets; human and social capital and empowerment; food security and agricultural productivity; and institutions and policies), and gender equality and women's empowerment (GEWE); (vi) sustainability of benefits, including scaling up; and (vii) performance of partners. Definitions of these criteria are presented in annex I.
4. **Scope.** The CSPE assesses the results and performance of the activities conducted since 2013, after the conclusion of the last CPE and since the approval of the Interim Country Strategy (2014/2015) and COSOP (2016). The CSPE covers the full range of IFAD support to Indonesia, including: the country strategies; the lending portfolio; non-lending activities; and the performance of the Government and IFAD.
5. Nine investment projects were assessed and are presented in table 1. The four closed projects (Rural Empowerment and Agricultural Development in Central Sulawesi [READ]; Village Development Programme [VDP]; Smallholder Livelihood Development Project [SOLID]; and Coastal Community Development Project [CCDP]) were evaluated against all of the evaluation criteria, through a document review supplemented by interviews with past staff and former beneficiaries. Five (Integrated Participatory Development and Management of the Irrigation Sector Project [IPDMIP]; Rural Empowerment and Agriculture Development Scaling-up Initiative [READSI]; The Development of Integrated Farming Systems in Upland Areas [UPLANDS]; Integrated Village Economic Transformation Project [TEKAD]; and Youth Entrepreneurship and Employment Support Services Programme [YESS]) are ongoing projects. Both READSI and IPDMIP have reached mid-term and were evaluated on relevance, coherence, efficiency and effectiveness. YESS, UPLANDs and

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<sup>1</sup> <https://www.ifad.org/en/web/ioe/evaluation-policy> .

<sup>2</sup> A third edition of the Evaluation Manual was published in 2022. See annex I for explanation of the new criteria.

TEKAD were only evaluated on relevance, coherence and efficiency, given their early stages of implementation. (see annex II).

Table 1  
**Evaluation criteria to be covered for IFAD-supported projects by the present CSPE**

| <i>Project name</i>  | <i>Project acronym</i> | <i>Project status</i>         | <i>Disbursement level IFAD loan</i> | <i>Evaluation criteria reviewed</i>                            |
|--|------------------------|-------------------------------|-------------------------------------|--|
| Rural Empowerment and Agricultural Development Programme in Central Sulawesi                           | READ                   | Closed                        | 95%                                 | All criteria<br>Project Completion Report Validation available |
| Village Development Programme (ex-National Programme for Community Empowerment in Rural Areas Project) | VDP PNPMP              | (ex) Closed                   | 99%                                 | All criteria<br>Project Performance Evaluation available       |
| Smallholder Livelihood Development Project in Eastern Indonesia  | SOLID                  | Closed                        | 97%                                 | All criteria<br>PCRVA available                                |
| Coastal Community Development Project  | CCDP                   | Closed                        | 83%                                 | All criteria<br>PCRVA available                                |
| Integrated Participatory Development and Management of the Irrigation Sector Project                   | IPDMIP                 | Ongoing (midterm review 2021) | 23%                                 | Relevance<br>Coherence<br>Effectiveness<br>Efficiency          |
| Rural Empowerment and Agriculture Development Scaling-up Initiative                                    | READSI                 | Ongoing (midterm review 2021) | 51%                                 | Relevance<br>Coherence<br>Effectiveness<br>Efficiency          |
| Youth Entrepreneurship and Employment Support Services Programme                                       | YESS                   | Ongoing                       | 24%                                 | Relevance<br>Coherence<br>Efficiency*                          |
| Integrated Village Economic Transformation Project   | TEKAD                  | Ongoing                       | 16%                                 | Relevance<br>Coherence<br>Efficiency*                          |
| The Development of Integrated Farming Systems in Upland Areas  | UPLANDS                | Ongoing                       | 13%                                 | Relevance<br>Coherence<br>Efficiency*                          |

Source: Independent Office of Evaluation elaboration on data from Oracle Business Intelligence (as of 31 December 2021). \*Limited to project start-up.

6. The CSPE reviewed eight in-loan grants for their coherence and contribution to the lending portfolio. It also reviewed three country-specific and three global/regional IFAD-supported grants in relation to knowledge management (KM), policy engagement and partnership building.
7. The three country-specific grants included: sustainable economic development through South-South and Triangular Cooperation in Indonesia; Sustainable Cocoa Production Programme in Central Sulawesi; and Haze Free Sustainable Livelihoods Project. The three global and regional grants included: Medium Term Cooperation Programme with Farmers' Organizations in Asia and the Pacific Region, Phase II; Asia Training Programme for Scaling Up Pro-Poor Value Chains; and Measurable Action for Haze-free Sustainable Land Management in South-East Asia (MAHFSA).
8. In addition, the CSPE reviewed two Global Environment Facility (GEF) grant-funded projects that were still being implemented – Sustainable Management of Peatland Ecosystems in Indonesia (SMPEI) and Integrated Management of Peatland Landscapes in Indonesia (IMPLI). They were also chosen because of their key role in

the country results framework and their linkage to two IFAD grants on haze pollution, also analysed by the CSPE.

### **Methodology**

9. **Theories of change.** The evaluation was theory-based and required the reconstruction of programme theories of change (ToCs). In order to capture the context and guiding principles current at the time, it was necessary to divide the ToCs into three phases covering the eight-year evaluation period. These were based on original logistical frameworks and ToCs (annex V). These ToCs were used to elaborate evaluation questions and enabled the identification of six main thematic areas for the evaluation of effectiveness: (i) empowerment and organization in rural communities; (ii) accountable and demand-driven local governance; (iii) improved access to responsive services; (iv) small-scale producer production; (v) access to markets and value chain development; and (vi) resilience to risks (ENRM), climate change adaptation and rural finance).
10. **Data collection.** The approach was tailored to the contingencies of the COVID-19 situation and used a combination of in-person interactions in the country, online interviews and a small-scale online survey for IFAD contracted-personnel, as well as Government officials and project staff. The CSPE relied on the following:
  - Desk review of relevant COSOP documents, project documents (in particular: design, supervision mission reports, commissioned studies and baseline/endline impact studies, and midterm reviews), background and partner studies;
  - Self-assessments based on a list of key questions completed by the IFAD country team and project management of all ongoing projects;
  - Online interviews with 61 key informants (see annex VI for full list) using checklists of questions tailored to the particular interview;
  - Field visits to 11 districts in nine provinces (West Papua, Maluku, East Nusa Tenggara, North Sulawesi, South Sulawesi, Central Sulawesi, Riau, East Java and West Java) which included discussions with project staff and partnering organizations using the checklist of questions provided;<sup>3</sup>
  - Visits to 25 villages to meet with beneficiaries, village government and local-level service providers, and to observe physical resources financed by the projects using the checklists provided;
  - Telephone interviews with beneficiaries, conducted from Jakarta and facilitated through personal introductions made by the field team and using the checklist of questions provided; and
  - Online survey that was sent to more than 240 IFAD and Government personnel, to which 41 IFAD-contracted personnel and 40 Government staff responded.
11. **Field mission.** The field mission was delayed from July to October 2021 (when the COVID-19 situation had improved), to allow the two teams of nationally based evaluators to travel to project districts and villages, following rigorous COVID-19 protocols. Within each team, one person focused on interactions with project staff, partners and local institutions at district and provincial levels, while the second member focused on visiting villages and interacting with beneficiaries, former beneficiaries and local government officials, as well as observations of physical resources provided. They also brokered relationships between a third member of the team (based in Jakarta) and beneficiaries, to interact using phones and extend the scope of beneficiary interviews.

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<sup>3</sup> West Java was a remote field visit.

12. Field locations were selected using criteria that ensured geographic spread and inclusion of all nine projects and one GEF grant (see the full list of grants in annex III).<sup>4</sup> The criteria included remoteness and consideration of the extent to which these districts had previously been visited, so the mission could reach out to less-visited locations.
13. The methodology adopted a bottom-up approach, which supports IFAD's participatory and community-driven development (CDD) principles. The sequencing of the in-depth data collection in the field started with interactions with beneficiaries, which revealed both the context and people's experiences of the projects. These discussions were prioritized over normative project discourse. Beneficiary insights, together with field observations, were then shared with district-level project staff through feedback from the field. This was done in collaborative reflection workshops, looking at strengths and weaknesses, at the end of each location stay. Evaluation team members based outside of Indonesia met virtually with the national mission team almost daily, to share feedback from the field. They then included these field realities in their key informant interviews, which were conducted remotely.
14. **Data availability and limitations.** Monitoring and Evaluation (M&E) data were weak across projects, although the Coastal Community Development Project (CCDP) provided more detailed and useful data. This made it challenging for the CSPE team to make assessments. Candid interviews, based on confidentiality, provided useful insights into the validity of data and extended the scope of enquiry beyond what was reported. Triangulation, through interactions with beneficiaries, enabled the interpretation of the reported data.
15. **Impact assessments.** Of the four completed projects, only READ, SOLID and CCDP have had ex-post impact assessments that compare development indicators of beneficiaries with those not involved in the projects (comparison group). However, impact studies were poorly designed and implemented, while analysis and conclusions were weak. Impact data availability is outlined in table 2. A detailed analysis of the issues with impact studies is provided in annexes VII and VIII.

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<sup>4</sup> Criteria of field locations selection: (i) presence of at least two IFAD projects; (ii) number of supervision missions; (iii) remoteness; (iv) regulations concerning movement restriction due to COVID-19; and (v) for GEF districts, districts closer to the capital city are preferred due to time constraint.

Table 2  
**Availability of impact data**

| Project      | Baseline survey | Midterm review | Before and after | Control group | Comments  |
|--------------|-----------------|----------------|------------------|---------------|---|
| READ         | X               | X              | X                | X             | 2015 project completion report (PCR), 2014 impact survey, with control group, and some use of baseline survey, 2013 outcome survey, 2011 midterm review (MTR) report              |
| VDP (ex PNP) |                 |                |                  |               | Limited M&E data available. 2019 PCR, 2012 PNP-Rural impact evaluation, 2012 PNP-Agriculture MTR.   |
| SOLID        | X               | X              |                  | X             | 2019 PCR, 2018 Impact Study, 2016 Results Impact Management System (RIMS) data, 2014 MTR. PCR refers to the annual outcome survey (AOS) that compares results to a control group. |
| CCDP         | X               | X              | X                | X             | RIMS data, 2019 Impact Study by Results and Impact Assessment Division of IFAD (RIA), 2017 AOS with inclusion of non-project villages, 2015 MTR, 2013 baseline survey.            |
| IPDMIP       | X               | X              |                  |               | Baseline survey, 2021 Midline study, 2021 Technology adoption study, 2021 MTR AM.   |
| READSI       | X               | X              |                  |               | 2020 baseline survey. MTR completed 2021 but report unavailable   |
| YESS         | X               |                |                  |               | 2020 baseline survey  |
| TEKAD        |                 |                |                  |               | Data not yet available  |
| UPLANDS      |                 |                |                  |               | Data not yet available  |

Source: IFAD documentation.

16. **Reporting and dissemination.** The advanced draft report, after peer review within IOE, was shared with IFAD divisions, the Government and the PMUs. Their comments were taken into account in finalizing the report. They were presented to national and IFAD stakeholders in a virtual national workshop in April 2022, to discuss the main findings and recommendations. The final report will be posted on IFAD's public website, websites maintained by the United Nations Evaluation Group, the Evaluation Cooperation Group, the Organisation for Economic Co-operation, and Development Assistance Committee Evaluation networks, as well as other relevant websites.
17. **Agreement at completion point.** According to the IFAD Evaluation Policy, CSPes conclude with an agreement at completion point (ACP), which presents the main findings and recommendations contained in the evaluation report. The Government and IFAD's Programme Management Department agree to adopt and implement these findings and recommendations within a specific timeline. IOE's responsibility is to facilitate the process leading to the ACP preparation and signature. After the Government and IFAD Programme Management Department agreed on the main follow-up actions, the ACP was shared with IOE for review and comments. It was thereafter signed by the Ministry of Finance (MoF) and the IFAD's Associate Vice-President for Programmes. The ACP has been included in the final published report and presented as an annex in the COSOP document, for discussion by the Executive Board of IFAD.

**Key points**

- The CSPE assesses the performance of IFAD's activities since 2013, after the conclusion of the previous CPE, and since the approval of the Interim Country Strategy (2014-2015) and COSOP (2016).
- This CSPE adopts the new evaluation structure, designed to provide more strategic focus. It covers the full range of IFAD support to Indonesia, including: the country strategies; the lending portfolio (nine projects); non-lending activities (KM, policy engagement, partnership building, IFAD grants and GEF grants); and the performance of the Government and IFAD.
- Tailored to the COVID-19 situation, data were collected from: a documentation review; self-assessments by the IFAD country team and project management; online key informant interviews; field visits to 9 provinces, 11 districts and 25 villages; telephone interviews with beneficiaries; and an online survey to IFAD-contracted personnel and Government staff.
- The evaluation adopted a bottom-up approach, starting with interactions with beneficiaries and field observation, and progressing to district-level interactions. Informal conversation techniques were used to encourage open dialogue. The almost daily debrief between the international and field teams enabled the international team to enrich interviews with key informants, providing added perspective from the field.

## II. Country context and IFAD's strategy and operations for the CSPE period

### A. Country context<sup>5</sup>

18. **Geography and demography.** The Republic of Indonesia comprises more than 17,000 islands (about 6,000 inhabited) and a population of 270 million (fourth most populous country) with 300 ethnicities. The population is majority Islamic (87 per cent). Indonesia has nearly 75,000 rural villages and 32 per cent of the population are engaged in agriculture.
19. **Politics.** Indonesia is a presidential democracy with a decentralized administration comprising several levels of elected local government at subnational level, including village governments. This entails devolved provision of basic public services, with concomitant downward and horizontal accountability. Since the Village Law (2014), further provision has been made to channel funds directly to village governments. This decentralization of responsibility is still in its relative infancy, and local government capacity is considered weak.
20. **Regional integration and cooperation.** Indonesia is the largest economy in Southeast Asia, a founding member of the Association of Southeast Asian Nations (ASEAN), a signatory to the Regional Comprehensive Economic Partnership (November 2020) – which established the largest free trade zone – and a member of the G20.
21. **Economic development.** Following the *Reformasi* (1998-), Indonesia has become the seventh-largest world economy (in terms of purchasing-power parity) – with annual growth of GDP ranging from 4 to 6 per cent between 2000 to 2019. Indonesia was classified as a lower-middle-income country (MIC) in 2010 and an upper MIC in 2020, with an estimated GDP purchasing-power parity per capita of US\$11,400.<sup>6</sup> However, during this evaluation, the World Bank returned Indonesia to low middle-income status, due to negative economic growth that contracted Indonesia's GDP by 2.1 per cent in 2020, during the COVID-19 pandemic.<sup>7</sup> Agriculture contributes to 13.7 GDP.<sup>8</sup> The main sources of economic growth have come from the services sector (see figure 1). The main drivers have been rapid growth with key trading partners, particularly China, high prices of key commodities, and significant growth in domestic private consumption by a burgeoning middle class with a Gross National Income per capita of US\$4,050 in 2019 (notably prior to the COVID-19 pandemic).<sup>9</sup>

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<sup>5</sup> A detailed country context is presented in the Republic of Indonesia CSPE Approach paper that can be accessed at: <https://www.ifad.org/en/web/ioe/-/indonesia-country-strategy-and-programme-evaluation>.

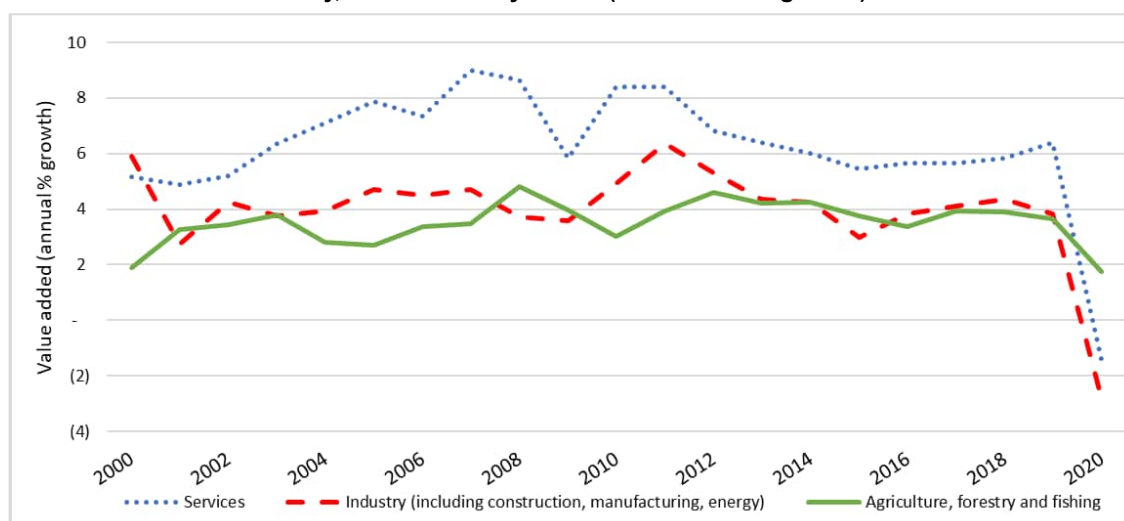
<sup>6</sup> World Bank data, 2020.

<sup>7</sup> Statistics Indonesia reported Indonesia's economy had bounced back by 3.7 per cent in 2021.

<sup>8</sup> World Bank data, 2020.

<sup>9</sup> World Bank data, 2020.

Figure 1  
**Performance of the economy, value added by sector (annual rate of growth)**



Source: World Bank data, 2020.

22. **Government expenditure on agriculture.** The Government continues to prioritize agriculture, with expenditure on this sector as a proportion of total expenditure marginally increasing from 2.8 per cent in 2007 to 3.3 per cent in 2016 (par with 3.25 per cent in South-East Asia in 2017).<sup>10</sup>
23. **Agriculture.** Indonesia exports palm oil, rubber, copra, cocoa and coffee. Smallholders dominate the agriculture sector (over 90 per cent) and typically cultivate small plots of less than 0.8 hectares, with those in lowlands predominately growing rice and those in the uplands other cash crops. Although farming families typically have multiple income-earning sources, they nevertheless depend on farming as their main source of income. Despite improvements in irrigation, input supply and technical know-how, many farmers still lack access to quality seeds, improved technologies and reliable production information. At the same time, irrigation systems and access roads are often poorly maintained. Farming is also at risk due to poor land management, rapid deforestation and peat fires. The biggest challenge is access to markets, exacerbated by vestigial distrust of cooperatives. Almost half of micro, small and medium enterprises operate in the agriculture sector, which is a vibrant, expanding sector.
24. Indonesia is the second-leading producer of fish and aquatic plants in the world, behind China, with the fishing sector contributing to 2.65 per cent of GDP.<sup>11</sup> However, the sector faces serious challenges including overfishing and poor enforcement of legal guidelines, lack of mechanization, poor access to refrigerated storage, and transport and poor market-linkage issues. Fishing families, like farming families, are often poor. Marine resources are vulnerable to pollution and the effects of climate change, especially coral-reef degradation.
25. **Government institutions.** The main Government institutions responsible for rural and agricultural development are: Ministry of Agriculture (MoA); Ministry of Marine Affairs and Fisheries (MMAF); Ministry of Villages, Underdeveloped Regions and Transmigration (MoV); Ministry of Home Affairs (MoHA); State Ministry of National Development Planning (BAPPENAS); Ministry of Public Works (MoPWH); and Ministry of Environment and Forestry (MoEF). The BAPPENAS plays an important role in coordinating across ministries and providing oversight of activities. The MoF is the

<sup>10</sup> FAO Statistics.

<sup>11</sup> BPS Statistics Indonesia, 2020.



official representative of the Government to International Financial Institutions (IFIs).

26. **Poverty.** Indonesia has more than halved poverty at national poverty lines between 1999 (23.4 per cent) and 2019 (9 per cent). However, this still equates to 24 million poor people (two-thirds of whom live in rural areas), with income inequality rising concomitantly (Gini Index 38.2 in 2019 vs 28.6 in 2000).<sup>12</sup> Twenty per cent of farming families live below the national poverty line. There are huge regional differences, with the poverty rate much higher in eastern Indonesia (33 per cent) than, for example, in Kalimantan (9 per cent). The Human Development Index is a high 0.718. However, rates of maternal mortality and stunting in children under 5 years of age are particularly high.<sup>13,14</sup> Indonesia is highly vulnerable to natural hazards; it frequently experiences earthquakes, volcanic eruptions and tsunamis, as well as typhoons, floods and landslides. This vulnerability constantly erodes gains in poverty-reduction efforts.
27. **Food security.** Since 2013, food security has improved. For decades, the Government has prioritized rice production, with the intention to be self-sufficient. As a result of significant market-price support, area expansion, distribution of inputs (including subsidized fertilizer) and improved production and harvesting – mostly aimed at smallholder farmers (responsible for 90 per cent of production) – the goal of self-sufficiency was achieved in 2016 but remains vulnerable. While food sufficiency has become less of a concern, diet diversity remains problematic and is characterized by low protein intake, low consumption of fruit and vegetables, and increasing substitution with snack foods, resulting in serious micronutrient deficiencies.<sup>15</sup>
28. **Gender and youth.** While progress has been made with gender equality through legal reform and development programming, as evidenced by high levels of girls' education and increasing employment opportunities, some issues persist. This applies particularly to rural women, including widescale engagement in unwaged farming activities. There are few women elected to village governments or in leadership positions in other village organizations. Nearly 17 per cent of the population are aged 15-24 years, and one in five young people is unemployed. With a growing disenchantment with farming as an occupation, many youths migrate to urban centres or move abroad for work.
29. **International development assistance.** The Government leads the coordination of international assistance. Overseas development assistance commitments for Indonesia totalled US\$3.3 billion in 2018, of which US\$228 million (7 per cent) was earmarked for rural and agricultural development. However, these commitments vary considerably each year, showing a changeable development context. Nevertheless, net overseas development received as a proportion of Indonesia's Gross National Income has been consistently below 1 per cent since 2001. Remittance inflows have remained around 1 per cent of GDP, although they have steadily increased from US\$1 billion in 2000 to US\$12 billion in 2019.
30. **The United Nations Partnership for Development Framework 2016-2020** identified the need to support Indonesia in agricultural development and agroprocessing (including crops, horticulture, estate crops, livestock and fisheries), industrial investment and promotion, and small- and medium-scale enterprise development. This has since been replaced by the United Nations Sustainable Development Cooperation Framework 2021-2025. Since the COVID-19 pandemic in

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<sup>12</sup> World Bank data, 2020.

<sup>13</sup> 177 per 100,000 live births (2019).

<sup>14</sup> 30.5 per cent (2019) with 35 per cent in rural and 27 per cent in urban areas.

<sup>15</sup> World Food Programme & SMERU Research Institute. *Strategic Review of Food Security in Indonesia 2019-2020*. (2020).

Indonesia in 2020, development partners have reprioritized their programmes to varying degrees, to support the COVID-19 response and recovery measures.

## B. IFAD's strategy and operations for the CSPE period

31. Since IFAD operations in Indonesia began in 1980, it has approved 21 projects, of which one was cancelled.<sup>16</sup> The remaining 20 projects have had a total cost of US\$2.765 billion, of which IFAD has financed US\$670 million, as detailed in table 3. The total estimated cost of the nine investment projects, approved between 2004 and 2020 and covered in the CSPE, amounts to US\$2.188 billion, of which US\$449 million is financed by IFAD. The remaining funds come from the Government (US\$880 million), cofinancing (US\$793 million) and beneficiaries (US\$65 million).

Table 3  
Snapshot of IFAD operations in Indonesia since 1980

|  |   |
|--|---|
| First IFAD-funded project              | 1980  |
| Number of approved loans               | 21  |
| Ongoing projects                       | 5   |
| Total amount of IFAD lending           | US\$670 million   |
| Counterpart funding                    | US\$1,044 million   |
| Beneficiary contributions              | US\$74 million  |
| Cofinancing amount (local)             | US\$8 million   |
| Cofinancing amount (international)     | US\$970 million   |
| Total portfolio cost                   | US\$2,765 million   |
| Lending terms                          | Highly Concessional (6), Intermediate Terms (8),<br>Ordinary Terms since 2012 (6)   |
| Main cofinanciers                      | World Bank, ADB,<br>Islamic Development Bank  |
| COSOPs                                 | 2016, 2014 (Interim country strategy), 2009, 1998   |
| Country Office (current)               | Country Director, Programme Officer, Country Programme Officer,<br>Country Programme Analyst, Country Programme Assistant,<br>Environment and Climate Programme Officer, Driver |
| Country Directors / Programme Managers | Ivan Ramiro Cossio Cortez (Jul 2019 - present) and Ronald<br>Hartman (2011-2019) based in Jakarta, Youqiong Wang, Rossella<br>Bartoloni, Mattia Prayer-Galletti, Philip Young   |
| Main government partners               | BAPPENAS, MoA, MoF, MoV, MMAF, MoPWH, MoEF  |

Source: Oracle Business Intelligence. Financial values exclude the cancelled project, East Kalimantan Local Communities Empowerment Programme.

32. During the evaluation period, IFAD approved/supervised 30 grants, of which 22 were funded by IFAD and 8 by various partners. Of the 22 IFAD-funded grants, 8 were in-loan, 3 were country-specific and 11 were global/regional. The other 8 grants were funded by the GEF, the European Union, the Financing Facility for Remittances, the Indigenous Peoples Assistance Facility and the Adaptation for Smallholder Agriculture Programme 2 (managed through IFAD). Financing amounts vary from US\$38,320 through a micro Indigenous Peoples Assistance Facility grant to roughly US\$8 million from the European Union, totalling US\$22.4 million.
33. **Historical country strategies and evaluations.** IFAD developed its first strategy for Indonesia in 1988 and its first COSOP in 1998. Performance was assessed in the first CPE conducted in 2003/2004. The ensuing COSOP (2008-2013) aimed to empower poor rural women and men to achieve enhanced food security, increased

<sup>16</sup> The East Kalimantan Local Communities Empowerment Programme approved in 2002, then cancelled in 2006.

incomes and poverty reduction. **The 2014 CPE**, covering the period 2004-2012, found the COSOP (2008) strong on goals and expectations but weak on implementation arrangements and risk mitigation. The loan portfolio showed good results in social mobilization and GEWE, and enhancement of social infrastructure. However, results in on-farm and off-farm development and agriculture-productivity enhancements were limited. Value addition, included in design, received inadequate attention during implementation. Project designs were complex with a diffused focus. The later projects covered vast geographical areas, where population density and subnational capacity for delivery were low, resulting in resources being spread too thinly.

34. The 2014 CPE found the IFAD country programme management wanting for most of the period, impeded by a lack of country presence. The assignment of a new country programme manager in 2011 reenergized the partnership with the Government, which was highly valued by both sides. The CPE found that both IFAD and the Government needed to better define the role IFAD should play, particularly in the context of Indonesia's MIC status. Results related to policy dialogue, KM and partnership building were found to be generally weak, partly due to the limited resources.
35. The 2014 CPE offered five recommendations: (i) make small farmers the principal beneficiaries of the IFAD programme; (ii) channel funding and technical support to core agriculture; (iii) build strategic partnerships on core agriculture; (iv) strengthen IFAD country programme management; and (v) enhance the Government's role in IFAD-supported activities.
36. IFAD and the Government subsequently agreed upon an **Interim Country Strategy 2014/2015**, until the subsequent COSOP could be aligned with the Government's five-year Medium-Term National Development Plan 2015-2019. IFAD's focus during the interim period was to enhance the performance of the existing portfolio and assist the Government with policy formulation, KM and partnership building, to improve the situation of smallholder farmers. The COSOP (2016) refers to a significant reorientation of the country programme during this interim period, with a focus on developing innovative approaches and assisting the Government in mainstreaming successful models into national programmes. Cross-cutting themes were gender mainstreaming, environmental sustainability and climate change adaptation (CCA). An IFAD Country Office was opened in Jakarta in 2016.
37. **The COSOP (2016)** initially covered the period from 2016 to 2019, but was later extended to 2022. It builds on the interim strategy, as shown in table 4, which outlines the main characteristics of the two strategies. The COSOP's goal is to support inclusive rural transformation, enabling rural people to reduce poverty and achieve sustainable livelihoods (annex X). Given the middle-income status of the country and IFAD's relatively limited resources yet valuable experience and expertise, the strategy supports the Government and other partners in piloting innovative approaches in agricultural and rural development. These can be replicated and scaled up, and can inform policy. Similar to the interim strategy, significant emphasis is placed on the role of KM, partnership building and policy engagement, as well as on the use of grants. In addition, the COSOP refers to the development of a programmatic approach to South-South and Triangular Cooperation in the country. Cross-cutting themes were limited to gender equality and inclusion.

Table 4

**Main features of the Interim Country Strategy (2014) and the COSOP (2016)**

|                       | <i>Interim Country Strategy (2014-2015)</i>   | <i>COSOP (2016)</i>   |
|-----------------------|---|---|
| Strategic objectives  | <ol style="list-style-type: none"> <li>1. Strengthened institutions and capacity of smallholder producers in the agriculture and fisheries sectors.</li> <li>2. Enhanced productivity and marketing of the produce of smallholder producers.</li> <li>3. Increased capacity of the Government to put in place a regulatory and policy environment to support the smallholder producers.</li> </ol>  | <ol style="list-style-type: none"> <li>1. Smallholder producers participate in remunerative agricultural markets</li> <li>2. Smallholder producers and their families are more resilient to risks</li> <li>3. Rural institutions deliver responsive services that meet the needs of smallholder producers.</li> </ol>   |
| Comparative advantage | <p>Partnerships between smallholders and the private sector.</p> <p>Less focus on IFAD's loan financing and more on its KM and advisory services</p>  | <p>Piloting innovative approaches that can be replicated and scaled up and can inform policy.</p> <p>Being a more engaged development partner.</p>  |
| Geographic priority   | <p>Areas with a high incidence of rural poverty in eastern Indonesia and exceptionally elsewhere, with high numbers of rural poor (lending portfolio)</p> <p>Nationwide (non-lending portfolio)</p>   | <p>Focus on eastern Indonesia where poverty incidence is highest, while being open to interventions in disadvantaged areas nationally</p>   |
| Main target groups    | <ol style="list-style-type: none"> <li>(i) smallholder farmers (women and men);</li> <li>(ii) smallholder fisheries producers;</li> <li>(iii) women and women-headed households;</li> <li>(iv) marginal communities and ethnic minorities; and</li> <li>(v) youth (in COSOP [2016] only)</li> </ol>   |   |
| Main partners         | <p>MoF, BAPPENAS, MoA, MMAF, MoHA</p> <p>Private sector</p> <p>State-owned and commercial banks</p> <p>Producers' organizations, agriculture and fishery cooperatives</p> <p>World Bank, AsDB, other UN agencies, Australian Aid, the Netherlands, Deutsche Gesellschaft für Internationale Zusammenarbeit – GIZ, GEF</p>   | <p>MoF, BAPPENAS, MoA, MMAF, MoHA, MoEF, MoV</p> <p>Private sector (local and national)</p> <p>Indonesia Financial Services Authority, financial sector partners</p> <p>Social organizations (of producers and indigenous peoples), NGOs</p> <p>ADB, GEF, Asian Infrastructure Investment Bank, Islamic Development Bank, Australia, Germany, Japan, the Netherlands and New Zealand. Rome-based agencies (RBA) collaboration a priority</p>  |
| Policy dialogue       | <ol style="list-style-type: none"> <li>(i) strengthening smallholder organizations and encouraging their growth and development;</li> <li>(ii) securing land tenure and access to land;</li> <li>(iii) promoting sustainable use of agriculture, forest and fisheries resources;</li> <li>(iv) enhancing access of the poor to improved agriculture inputs, technologies and services;</li> <li>(v) encouraging access of a range of financial services to the agriculture and fisheries sector; and</li> <li>(vi) facilitating public-private sector partnerships</li> </ol> | <ol style="list-style-type: none"> <li>(i) strengthening and empowering smallholder organizations;</li> <li>(ii) supporting rural transformation, and securing tenure and access to land;</li> <li>(iii) promoting sustainable use and management of natural resources;</li> <li>(iv) enhancing smallholders' access to improved agricultural inputs, technologies and services (including financial services); and</li> <li>(v) facilitating public-private-producer partnerships</li> </ol> |
| Country presence      | <p>Field-level presence with a country-based country programme manager</p>  | <p>Increase in-country human resources through structured secondment and internship programmes</p>  |

Source: Interim country strategy (2014-2015) and COSOP (2016).

38. **The United Nations Rome-based agencies' Joint Country Strategic Plan (2021-2025) for Indonesia**, endorsed by the Government in July 2021, also provides direction to IFAD's work over the next five years.<sup>17</sup> This is in line with the ongoing UN Reform and, in particular, with the new UN Sustainable Development Cooperation Framework 2021-2025. The vision is that by 2030: "The RBAs jointly

<sup>17</sup> In 2019, Senior Management of the three RBAs decided to pilot the RBA joint planning and programming in Colombia, Indonesia and Niger. This is within the context of the ongoing reform of the United Nations Development System, the Memorandum of Understanding between FAO, IFAD and the World Food Programme signed in June 2018, and the ongoing commitments and recommendations requested by their respective governing bodies.

design and implement a strategic plan in support of Government commitments and programmes for improved human development, economic and climate and disaster resilience through promotion of sustainable food systems that deliver economic opportunities for all and provide affordable diversified food that meets newly stimulated and increasing consumer demands for nutritious and healthy diets for all.”<sup>18</sup> The first pilot project was designed with a focus on Nusa Tenggara Timur (NTT) and launched during the CSPE team’s field visit to NTT.

### **Key points**

- Indonesia is the largest economy in Southeast Asia, with a population of 270 million, of whom 32 per cent are engaged in agriculture. Agriculture contributes 13.7 per cent of GDP and farming remains the main source of income in farming families.
- After only one year of being classed an upper MIC, the World Bank downgraded Indonesia to low-middle-income status in 2021 – due to negative economic growth from the COVID-19 pandemic.
- Poverty rates have fallen over the last two decades, but 24 million people remain poor, of whom two-thirds live in rural areas; there are huge regional variations, with higher rates in eastern Indonesia. Income inequality is rising. Food sufficiency has improved over the evaluation period but dietary diversity remains a concern.
- Decentralization is in its infancy and local government capacity is considered weak.
- IFAD has operated in Indonesia since 1980, lending US\$670 million through 21 projects. The 9 investment projects in this evaluation received funding commitments of US\$2.2 billion, of which IFAD loans comprised US\$449 million (21 per cent).
- IFAD’s non-lending activities over the evaluation period comprised 29 grants, of which 22 were funded by IFAD and 7 by other financiers, including 3 by the GEF.
- Under COSOP (2016), IFAD has focused on three strategic objectives (SOs), whereby smallholder producers: participate in remunerative agricultural markets; are more resilient to risks; and have their needs met by rural institutions delivering responsive services.
- The 2020 draft of the Rome-based agencies’ (RBA) Joint Country Strategic Plan (2021-2025) for Indonesia provides direction to IFAD’s work in the country over the next five years.

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<sup>18</sup> A food system is considered the collection of all food value chains, the markets through which they connect and the wider societal and natural environments in which they operate.

### III. Performance and rural poverty impact of the country strategy and programme

#### A. Relevance

##### Relevance of IFAD's country strategy and programme to national priorities and corporate strategies

##### (i) Meeting Government of Indonesia priorities

39. **From 2014, IFAD's COSOP strategic objectives aligned well with the policies and strategies of the Government.** Though initially out of sync, the timing of IFAD's COSOPs were adjusted to coincide with the five-year planning periods of the Government's long-term development plan, *Rencana Pembangunan Jangka Panjang Nasional* (2005-2025). The *Rencana Pembangunan Jangka Panjang Nasional* is divided into four five-year plans that emphasize **sustainable food and agricultural production**. The COSOPs fully reflect national priorities, reflected in Indonesia's Poverty Reduction Strategy (2011-2025) – which focuses on sustainable livelihoods for smallholder farmers – as well as the Master Plan for Acceleration and Expansion of Indonesia's Economic Development's (2011-2025), four SOs (pro-growth, pro-jobs, pro-poor and pro-green/sustainability), and emphasis on collaboration with the private sector.
40. **Both COSOPs focused on the Government's core concerns, namely sustainable food and agricultural production.** The COSOP (2016-2019) has three SOs that differ from those of the Interim COSOP (2014-2015) only in their further emphasis on the economic development and resilience of smallholder producers. The first (SO1: *smallholder producers participate in remunerative agricultural markets*) contributes to the continuing Government intention to: improve production cost efficiencies; reduce food imports and increase food production; encourage value addition in agriculture and fisheries; and modernize agriculture, especially irrigated agriculture. Increasingly, the Government is emphasizing the importance of effective participation of smallholders in value chains, with reference to recent Presidential directives that urge interventions encouraging farmers to change their mindsets from *farming as a livelihood to farming as a business*. The second (SO2: *smallholder producers and their families are more resilient to risks*) supports the Government's most recent National Mid-Term Development Plan (RPJMN) (2020-2024); this specifically emphasizes climate change, resilience to natural disasters, and building economic resilience. Since the COVID-19 pandemic, the Government has further emphasized the need to focus on building resilience among poor families. The third (SO3: *rural institutions deliver responsive services that meet the needs of smallholder producers*) is highly relevant to the Government's intention to modernize and promote online information and trading platforms.
41. **The diversity of the COSOPs' portfolios makes it challenging to determine their combined relevance to national priorities.** The COSOPs include projects with wide geographic and sectoral (agriculture production, fisheries, markets, youth and local governance) focuses, and have consequently involved different ministries. In each case, the relevance to Ministerial priorities is high and IFAD's intervention is responsive to these. However, it is more difficult to determine how they respond to overall national priorities. Therefore, relevance to the different Ministerial priorities is addressed below.
42. **The shift in emphasis from production only to value chains over the CSPE period reflects the changing focus of the successive RPJMN.** With the exception of READ and VDP, all other projects and grants were designed in the second and third RPJMN periods. The second RPJMN (2010-2014) identified national agricultural priorities as: achieving self-sufficiency in production of core commodities (rice, sugar, soybean, maize and beef) to ensure food security; promoting diet

diversity (promotion of consumption of animal-based protein, fruit and vegetables); competitiveness in agriculture production and value chain processing; and improved income for farmers. These priorities are reflected in SOLID and CCDP, which took a value chain perspective. The third RPJMN (2015-2019) prioritized infrastructure development and social-assistance programmes related to education and health. It also highlighted the agricultural priorities of increasing rice production, moving towards self-sufficiency and developing higher-value cropping to improve rural livelihoods. These plans included provision of subsidies for inputs.

43. **All the projects align well with the Government's farmer-specific laws.** The laws promote opportunities for decentralized, farmer-led and market-driven extension.<sup>19</sup> These required extensive strengthening of public extension services, providing an entry point for interventions through adoption of a whole-system approach targeting smallholder farming families; this approach emphasized individual and collective empowerment. IFAD primarily worked through public services to support use of non-formal education, enhanced access to rural finance and high-quality inputs including improved technology. In addition, the Ministry of Public Works and Public Housing strategic plan for water resources (*Rencana Strategis Pekerjaan Umum* 2015-2019 expands on the third RPJMN) supports participatory irrigation and the promotion of water users associations (WUA), providing an entry point for IPDMIP and UPLANDS.
44. **Through CCDP, the country programme addressed the Government's undersupported priorities of coastal protection and marine economy.**<sup>20</sup> Indonesia has the second-longest coastline of any country in the world and an estimated third of the world's mangrove swamps. With the Government's pledge to reduce carbon dioxide emissions drastically by 2030, the conservation of mangroves has become an urgent priority, in addition to their importance in preserving ecosystems and providing coastal defence. Although CCDP was designed before the third RPJMN (2015-2019), it aligned with the planned focus on the marine-based economy as a key priority, and the Ministry of Marine Affairs and Fisheries' (MMAF) strategic plan 2015-2019.<sup>21</sup> This focus aimed to improve the management of marine resources, competitiveness and sustainability of fisheries and aquaculture-based businesses, by empowering coastal communities, supporting CCA and disaster mitigation, expanding infrastructure, and developing market linkages.
45. **IFAD embraced peatlands protection and haze reduction – challenges which others were reluctant to engage in due to political sensitivities.** The catastrophic peatland fires of 2015 destroyed 2.6 million hectares and cost an estimated US\$15 billion. They generated a toxic haze that affected the health and livelihoods of millions of people in Southeast Asia, causing diplomatic tensions in the region. This provided impetus for the Government to prioritize protection and restoration of peatlands, and the establishment of the Peatlands Restoration Agency.<sup>22</sup> The President of Indonesia highlighted his continued commitment to protect these critical carbon sinks at the November 2021 COP 26 meeting. The GEF projects – GEF-4 ASEAN Peatland Forests Project (APFP), GEF-5 Sustainable

<sup>19</sup> Recognizing that 93 per cent of Indonesian farmers are smallholders cultivating on average about 0.6 hectares, Law no. 16/2006 Agriculture, Fishery and Forestry Extension System was promulgated to emphasize farmer empowerment and non-formal education to develop agribusiness; and the subsequent Law no. 19/2013 Protection and Empowerment of Farmers aimed to improve farmers access to land, finance and markets, to strengthen farmer organizations.

<sup>20</sup> Despite its potential, the sector contributed only 3.5 per cent to GDP (2014) and receives limited investment including from overseas development assistance.

<sup>21</sup> Additionally, MMAF's Strategic Plans for 2010-2014 and 2015-2019, echoed the Master Plan for Acceleration and Expansion of Indonesia's Economic Development mantra of "pro-poor, pro-job, pro-growth and pro-sustainability" and its Susiniasasi programme directed 80 per cent of its resources to community development.

<sup>22</sup> This built on existing peatland regulations (2014) that were later enhanced (2016), as well as the National Peatland Strategy (2011), which together support the Government's commitment to fulfil obligations under the Convention on Biological Diversity (Aichi targets), the UN Convention to Combat Desertification (Land Degradation targets) and UN Climate Change or UNFCCC (Emission Reduction targets).

Management of Peatland Ecosystems in Indonesia (SMPEI) and GEF-6 Integrated Management of Peatland Landscapes in Indonesia (IMPLI) – are highly relevant to the Government’s efforts to meet these commitments.<sup>23</sup>

46. **Since Indonesia’s Reformasi (1998-), IFAD has consistently supported the Government’s decentralization agenda**, articulated first in Law No.22/1999. This ambitious law devolved central-Government power and responsibilities to district level, in order to promote better/locally responsive Government services. IFAD has supported key principles underpinning this law, including community participation and empowerment, equity and justice, and recognition of the potential and diversity of regions. READ, SOLID and CCDP were specifically designed to encourage community participation, as was the National Programme for Community Empowerment in Rural Areas Project (PNPM) – the forerunner of VDP and later TEKAD.<sup>24</sup>
47. **In support of decentralization, IFAD has even embraced challenges such as the on-granting mechanism.** As early as 2004, the national policy on transfer of funds from the central Government to local governments was changed (*Keputusan Menteri Keuangan 35/2004*), requiring a redesign of READ in 2006 to accommodate the concept of on-granting rather than on-lending to the district governments. READ was the first project to engage directly with districts. Despite initial difficulties, IFAD has continued supporting the on-granting mechanism as a means of implementing the Government’s decentralization agenda. Furthermore, implementation support from the IFAD Country Office has allowed IFAD projects to operate effectively using the on-granting mechanism, although it still requires continuous attention.
48. **IFAD’s programme has not fully met the Government’s need for technical expertise and support for greater global presence as an MIC.**<sup>25</sup> The 2010-2014 RPJMN noted that, while loans should demonstrably align with national development priorities, they should not be viewed in terms of funds provision but “as a means for exchanging information and experience.” The Master Plan for the Acceleration and Expansion of Indonesian Economic Development echoes the value given to technical assistance, noting that the Government should reduce reliance on loans. The Government has turned down offers of external financing alone. All Government informants interviewed in the CSPE noted IFAD’s technical experience and policy advice as the most valued aspect of their partnership. In particular, the Government wants IFAD to apply its global technical expertise to developing and adapting innovations that can be scaled up. Yet, Government officials also noted that this core need has not been adequately realized.
49. **Government particularly values IFAD for ‘working directly with people’, and its knowledge of field realities for providing ‘ground truthing’ in making appropriate policy decisions.** Its international technical experience is regarded as essential to bolstering technocrats’ ability to convince politicians of needed policy changes. Many key informants from the Government referred to IFAD’s key role in sharing global best practices, and its support to test, customize and scale up in the Indonesian context. To meet these needs, COSOP (2016) noted a “sharper focus on policy and knowledge”. This required the development of innovative models and

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<sup>23</sup> The regional APFP was formulated prior to the 2015 fires to support implementation of the ASEAN Peatland Management Initiative adopted in 2003 and the ASEAN Peatland Management Strategy (2006-2020) endorsed by the ten ASEAN governments in 2006.

<sup>24</sup> IFAD originally cofinanced with the World Bank but later solely financed PNPM-Agriculture in eastern Indonesia. PNPM-Rural was regarded as the Government’s flagship poverty-reduction and community-empowerment project.

<sup>25</sup> The Government of Indonesia has announced its strong commitment to achieving the SDGs and has identified the need for international support to achieve them. The fourth RPJMN (2020-2024) specifically addresses the SDGs, and all 23 UN agencies in Indonesia have committed to building Government capacity to accelerate achievement with these. Indonesia currently ranks 97 out of 165 countries on the SDG index and underperforms on several of the SDGs related to IFAD interventions (e.g. SDG 1 (poverty), SDG 2 (zero hunger), SDG 10 (reduced inequalities), SDG 14 (life on land) and to a lesser extent SDG 9 (industry, innovation and infrastructure (in terms of village infrastructure and innovation)). BAPPENAS has prioritized these and other underperforming SDGs for external technical and financial assistance, making IFAD loans particularly relevant among the UN agencies.



programmatic approaches, which in turn implied strategic use of both its loans and grants to facilitate innovations and to scale up partnerships. However, as discussed under Coherence, resource limitations and weak systems for generating evidence on innovations have resulted in shortfalls in these expectations, and impeded country-level policy engagement.

50. **IFAD supports the Government's challenging 'whole government' approach, even when this slows down progress.** The Government recognizes that its development work is often conducted in silos, and values IFAD projects that require cross-Ministerial collaboration as well as the facilitating support provided by the IFAD Country Office. IPDMIP is regarded as a complex but important demonstration of how collaboration can be forged across three agencies. Continuing to meet these challenges, projects such as TEKAD and YESS require extensive cross-Ministerial collaboration in their design and are framed as a relevant contribution of IFAD financing.

#### **(ii) Meeting IFAD corporate priorities**

51. **The cross-cutting corporate requirements of IFAD were not always regarded as relevant to achieving project objectives or to the specific context of Indonesia.** The READ redesign removed the natural resource management (NRM) and land-tenure aspects of the design, as these were considered as marginal contributors to the overall objectives. Across projects, Government counterparts complained of the "many demands that IFAD makes", referring to the cross-cutting mainstreaming areas of gender, climate change, youth and nutrition.
52. **Despite nutrition being declared a national priority and a poorly performing Sustainable Development Goal (SDG), IFAD projects are addressing food shortage rather than poor diet.**<sup>26</sup> Nutrition remains one of Indonesia's biggest SDG challenges and is regarded as a national priority. It is also a priority for IFAD, but projects are limited in addressing this issue. Despite the Government's call to action on stunting and improved nutrition,<sup>27</sup> this has not been requested as a priority for projects. Interviews revealed that IFAD's global interest in supporting nutrition-sensitive programmes was often viewed by the Government as a distraction at implementation level. The COSOP (2016) includes a limited situation analysis, and reference to supporting smallholders' nutrition security towards SO1 and ensuring that value chain development would accommodate nutrition objectives. SOLID received grant funding from the governments of Canada and Germany, to design nutrition-sensitive value chain projects for smallholders in Maluku. However, apart from a brief reference in COSOP, learning from this does not seem to have been taken up by other projects. IPDMIP, READSI and UPLANDS have been classified by IFAD's Environment, Climate, Gender and Social Inclusion Division as "nutrition sensitive". However, interviews suggest that the basis of this classification is unclear. None of the projects has undertaken a comprehensive situation analysis to identify causal pathways which might have been appropriate for IFAD project interventions. Nor have they built local-level partnerships – e.g. with *posyandu* (health clinics for mothers and children under 5 years of age, elderly or youth), schools or recently mobilized and village-based human-development workers – to maximize IFAD's contribution to improved nutrition outcomes.

#### **(iii) Meeting beneficiary needs**

53. **A high level of consultation with poor rural people – to ensure that interventions responded to their priorities – is reported by projects, but opportunities for consultation seem to be diminishing.** From the CSPE survey, 80 per cent of IFAD and project staff agreed or strongly agreed that project designs involved meeting poor rural people to ensure interventions responded to their

<sup>26</sup> World Food Programme Strategic Review of Food Security in Indonesia 2019-2020; Global Food Security Index (2019) ranks Indonesia 102 out of 113 countries in terms of diet diversity.

<sup>27</sup> This was responded to by development of the National Strategy to Accelerate Stunting Prevention (2017).

priorities. Beneficiaries interviewed from READ and SOLID felt they had been consulted regarding their priorities; others suggested that these had been more “bottom up” than subsequent projects. In contrast, none of the farmers interviewed for the CSPE from the ongoing IPDMIP had been consulted. As a result, the IPDMIP design did not capture that their main problems were tertiary irrigation and storage, and that they were unconvinced of the need for the project’s focus on primary and secondary systems. In response to the MTR, IPDMIP is being restructured to include tertiary canals. Key informant interviews suggest that standard budget and time allocations for design fail to provide sufficient opportunity for consultation in ambitious projects such as IPDMIP, which covers 74 districts (as compared to READ with only five).

54. **Beneficiaries appreciate the shift in support from production to entrepreneurship.** Pre-pandemic projects fall into three distinct categories: READ, SOLID and CCDP emphasize self-help group formation and modest improvements in income-generation; READSI, VDP and IPDMIP move to a more market-oriented perspective; and YESS, TEKAD and UPLANDS further promote village-based enterprises and entrepreneurship. Farmers interviewed stated they were accustomed to joining groups in order to access free or subsidized inputs and equipment, which often also required them to be present at other project events – many of which they felt were irrelevant (e.g. “we know more than the facilitators”; “we don’t get the information/advice we need”). Both READSI and IPDMIP beneficiaries in Java noted a welcome shift, from production-oriented training and input provision to assisting farmers’ participation in remunerative value chains. As stated by farmers: “Finally, this project is helping with what we really need – access to good seeds so our produce attracts buyers”; “we wasted harvests when not linked to the markets.” Current YESS beneficiaries interviewed shared that the training and support received was highly relevant to how they were now viewing their employment futures.

#### **Quality of design**

55. **Higher-level objectives in designs are dictated by IFAD corporate requirements and formulation, but the route to achieving these is not clear.** The COSOP (2016) has the goal of rural transformation but provides only three corporate core indicators to assess achievement (income, food security and decreased malnutrition); none of the indicators captures the intention of a rural transformative design. At project level, higher objectives are not contextualized and simply repeat IFAD global objectives. Food security, resilience and nutrition are explicit project objectives. However, the pathways for achieving them are either not detailed or based on questionable assumptions. The strategy is also inadequately communicated through the logframes of earlier projects – which had unclear outcomes and outputs, as well as targets, rather than relevant quantitative and qualitative indicators. More recent project logframes are essentially MIS documents, which lack sufficiently detailed indicators to communicate the theory of change of these complex designs. This may have contributed to project staff not always being clear about the project designs.
56. **Early project designs appropriately emphasized community and group empowerment, and were typical at the time for communities of marginalized farming families.** SOLID and the redesigned READ both strongly emphasized community empowerment and participatory processes; they intended to build self-help groups and enhance livelihoods, in recognition that farmers in poor and remote areas lacked confidence and technical know-how. The participatory approach also intended to enhance the sustainability of benefits. However, such project designs tended to view empowerment simplistically, as an end in itself rather than a means to an end. Targeting the “active poor” and potential enterprise groups, while using participatory processes to define community priorities, the CCDP design combined a balanced mix of empowering and commercial approaches based on identified needs and careful facilitation.

57. **Subsequent designs increasingly attempted to address challenges faced by smallholder producers through a systems lens.** The current portfolio promotes business development for farmer and agriservice/market groups. While theoretically relevant for rural-transformation objectives, this design-focus risks exclusion of many poor farming families and does not adequately address the Government-endorsed SDG mandate to “leave no one behind”. It also moves design away from the core of participatory development – which builds farmers’ confidence and capacity to identify their own demands and links to service provision – to one of trying to address all the elements of the system.
58. **Current cofunded project designs are complicated and risk dilution of IFAD’s core principles.** IFAD corporate cofinancing ratio targets place pressure on the Indonesia programme to cofinance with other IFIs. The Government also values the increased financing. However, the adopted cofinancing mechanism may overly complicate projects, as evidenced in IPDMIP and UPLANDS. The synchronization required by design between the IFAD and Asian Development Bank (ADB) activities is difficult to achieve, and compromises have been made in IFAD’s participatory and more bottom-up approaches. Thus, IFAD’s comparative advantage in promoting participatory and empowering approaches is further at risk within cofinancing arrangements with other banks, which have significantly different approaches and principles. Since these are the aspects that the Government values, this is a design concern.
59. **Project designs do not sufficiently take into account the capacity of the implementing agencies.** Despite the long-term partnership with the MoA, successive evaluations continue to point to weak capacity within the Ministry; yet, project designs do not adequately address this issue. As discussed under Effectiveness, the sequencing of project activities and the poor understanding of the need to establish simple but appropriate indicators from the outset of projects are major design flaws. MoA has a generally weak understanding of value chain support, and interviews suggest that in many cases staff do not feel they should have a role in this; they continue to see their priority only in terms of production.
60. **Project designs had moved away from investment in infrastructure towards capacity building, but this has reverted in newer designs despite COSOP intentions to focus on innovation and knowledge transfer.** In the redesign of READ, there was a decision to shift away from financing of infrastructure to capacity building and systems enhancement. This shift faced criticism and resistance from local governments, which preferred the visibility and inherent accountability provided by external finance to be used for infrastructure. VDP particularly struggled to gain traction with local districts and villages, because it did not support funding of infrastructure, except through village governments’ own village funds. The farmer-contribution model of READSI, and arguably the limited menu model of UPLANDS, appear to enhance the chances of better infrastructure decisions and local ownership – contributing to improved operation and maintenance. TEKAD promotes the use of village funds for any village-infrastructure development, devolving these decisions to village governments. IPDMIP, on the other hand, is dominated by the ADB-funded infrastructure component, with IFAD components focused on improving agricultural production and increasing yields.

### **Adjustments to design**

61. **Complex project designs have frequently needed redesign so they are more manageable.** Details of the redesign of projects throughout the CSPE period are presented in box 1. While increasingly recognizing the need for a systems approach, the designs have become less focused as a consequence. The tendency to manage, operate and finance different components separately means silos of activities within projects have been created, which fail to reach the potential of the systems approach.

**Examples of redesigned projects**

- READ was designed to emphasize community empowerment and participatory planning, in response to the Government's decentralization agenda. It was redesigned at MTR to limit its scope and to only support agriculturally related infrastructure development and more modest livelihoods improvements, rather than enterprise development. The project completion report (PCR) concluded that such a reduced focus led to it being more manageable.
- SOLID was designed as an integrated project addressing gender equity and empowerment, food security, agriculture productivity, and value chain engagement, as well as NRM, community infrastructure, forestry and fisheries. Its MTR (2014) recommended simplifying the design, particularly in recognition of its post-conflict context. The MTR specifically noted the issue of complex design leading to implementation in silos.
- IPDMIP was designed primarily to rehabilitate irrigation systems and develop WUA. It had 12 other project-scale initiatives that were highlighted as risks to achieving the main focus. For example, the design included the modernization of the rice-seed system, but the supervision mission (November 2019) downscaled this to "include only a year-long study on the rice-seed system in Indonesia, including a roadmap on how to modernize it". The Value Chain Fund was also dropped. The recent MTR confirms agreement on extension of the project in order to make up days lost to the COVID-19 pandemic, and a redesign to include rehabilitation of tertiary canals and prioritize information and communications technology development for extension.
- Despite frequent supervision missions, MTRs and other external evaluations cautioning against overly complex designs, the latest project designs of TEKAD and YESS are complicated, resulting in slow implementation.

Source: IFAD project documents.

62. **Redesign of earlier projects, enabling the delivery of funding at the lowest levels of governance (especially village level), improved effectiveness.** The READ MTR redesign required direct provision of financial resources to self-help groups, as did the SOLID MTR, based on expectations of better participatory, demand-driven spending decisions. Wherever funds have gone directly to village institutions or farmer groups, it has created some degree of ownership through control; it has also meant better spending decisions, though not always. This is an appreciated element of design of IFAD projects.

**Design of the targeting strategy**

63. **Since 2008, IFAD country strategies have made a geographic focus on eastern Indonesia,** which has the highest rural poverty rates and lowest human development index. COSOP (2008) clearly prioritized eastern Indonesia for community development and local-institution building. Consequently, SOLID focused on the neglected and post-conflict provinces of Maluku and North Maluku. PNPM Agriculture, VDP and TEKAD include Papua and West Papua.<sup>28</sup> These two provinces have been identified as having the highest rural poverty rates and lowest human development index in Indonesia; they lack services, economic opportunities and connectivity. While including West Kalimantan, READSI also operates in eastern Indonesia, notably in NTT, where MoA had replicated READ using its own resources in 2015. This spread to other provinces was justified, based on MoA's desire to test the replicability of the approach to other areas.
64. **The geographic targeting of eastern Indonesia has been gradually diluted in the ongoing portfolio,** apart from TEKAD and some limited activities within other projects. Recent COSOPs included the caveat that investments would also be

<sup>28</sup> TEKAD focuses on the five "eastern provinces" (Papua, West Papua, Maluku, North Maluku and NTT), which are the poorest in the country.

considered where there are high numbers of rural poor people.<sup>29</sup> IPDMIP targets western and central Indonesia. The justification notes that although eastern Indonesia has higher poverty rates statistically, there are large numbers of poor people in Java and Sumatra – which have higher population densities than eastern Indonesia and where water-resource demands are high for agricultural and domestic use. UPLANDS focuses primarily on Java, in subdistricts with poverty rates slightly above the national average. YESS operates in West and East Java, South Kalimantan and South Sulawesi, as determined by the Government and based on project-related criteria (e.g. agricultural and market-growth potential; youth migration; and the presence of *Pusat Layanan Usaha Terpadu*, a Government-led integrated business services centre for small and medium-sized enterprises, and of agriculture technical vocational education and training institutions). With the geographic focus of IPDMIP, UPLANDS and YESS, considerably less than one third of ongoing financing targets eastern Indonesia.

65. **Earlier projects, compared to recent ones, involved more rigorous selection processes to ensure targeting of the poorest households within most disadvantaged villages.** These early projects pre-date the Government’s accelerated efforts to classify districts, villages and households according to different indexes.<sup>30</sup> READ devised a targeting criterion based on remoteness, access to services and potential land use, to identify 150 of the “most disadvantaged villages”. READ further targeted households using the livelihoods framework and participatory wealth ranking. SOLID selected districts based on a range of criteria, as well as a gender-sensitive poverty and livelihood analysis focused on participatory wealth ranking. CCDP was commended for its comprehensive screening mechanism, which was regarded as valid and transparent (e.g. removal of people not meeting eligibility criteria). As outlined in box 2, the ongoing projects IPDMIP, UPLANDS and YESS target districts based more on the location of project activities; they also rely on the districts to identify target groups, based on farmer groups or graduates, which/who may not adequately include women, youth or poor farmers.

Box 2

**Targeting in ongoing projects**

- IPDMIP, despite planning to undertake a scoping study to identify those most at risk of exclusion, targets all farmers served by a particular irrigation facility. Irrigation schemes for rehabilitation were determined primarily through the MoPWH, and validated at district level. IPDMIP uses MoA-registered farmer groups, which do not adequately include women, youth or poor farmers.
- The UPLANDS target area is determined primarily by topography and response to district proposals, potentially risking any intention to concentrate funds to poorer districts, villages and households.
- YESS design indicates that it targets poor youth. However, most components privilege agriculture-college and vocational-training-school graduates, and already promising entrepreneurs. Only the apprenticeship programme (part of Component 1) explicitly offers employment prospects to the poor and near poor. The targeting strategy has been seriously challenged. To meet targets, the July 2021 supervision mission recommended that the project “define broader targeting criteria for the first batch of trainings, while refining the targeting strategy for the following batches.”

Source: IFAD project documents.

66. **Targeting of the poorest beneficiaries and villages has increasingly given way to practical considerations of district readiness and potential for development.** A trade-off in support of decentralization has been that districts are responsible for selection of beneficiary villages. Whilst most adopt the national

<sup>29</sup> COSOP 2016 erroneously included a supposed sixth recommendation from CPE 2013 to “broaden the geographic focus.” However, there is no such recommendation in CPE 2013.

<sup>30</sup> The unified database, now referred to as the *data terpadu kesejahteraan sosial* (DTKS) classifies all households using a welfare index informed by proxy-means test data, and is meant to be used by all ministries for poverty targeting.

indexes, they are not required to, and local-government concerns for equality and opportunities to demonstrate success may eclipse rigorous selection of only the poorest. Districts with better capacity are often more able to make the case for financing. Even early on, districts participating in READ had to demonstrate readiness and agreement to the new regulations for managing external loan funds. More recent designs emphasize provision of support to existing and emergent entrepreneurial groups, households or individuals, with the implicit but not always explicit assumption that strengthening their position in the market will create jobs for those less educated and entrepreneurial. Without clear measurement of the extent to which these assumptions are valid, the relevance of the projects to a reduction in numbers living below the poverty line is questionable.

67. **IFAD has responded to the MoA's Agriculture Census (2013) – which showed an alarming halving of the percentage of young persons (aged under 35 years) involved in agriculture over the previous twenty years – by purposely identifying youth as a specific target group.**<sup>31</sup> Young workers (aged 15-24) in Indonesia are six times more likely to be unemployed than adults; youth unemployment in Indonesia is high in comparison to other Asia-Pacific countries.<sup>32</sup> The COVID-19 pandemic has further highlighted both the challenge and opportunities for young people to engage in gainful employment, especially in agriculture.<sup>33</sup> Many young domestic and international migrants were required to return home during the pandemic, as informal waged labour in construction, transportation, domestic and hospitality sectors was closed. Higher education institutions also closed, forcing young people to return home including some who had to end their studies. The mass return to rural areas has led to young people reassessing their options for employment, especially with the recognition that agriculture fared better than other sectors during the pandemic. Familiarity with online platforms has also fuelled interest in how these can be adapted to support agriculture in service provision and marketing. YESS is the only project in the IFAD portfolio to specifically focus on youth. The unforeseen post-COVID situation – creating even higher levels of rural youth unemployment – means YESS has become arguably more relevant. VDP, TEKAD and UPLANDS were designed to include youth, but the means to tailor services specifically for this segment are not well elaborated.
68. **Summary. The relevance of IFAD's country strategy and programme is rated moderately satisfactory (4).** The strategies developed for IFAD COSOPs and its portfolio of projects are all relevant to the Government and beneficiary priorities. IFAD has taken on relevant challenges that other donors and financing institutions have eschewed. These include its enduring support for decentralization, as well as new challenges such as working with youth and on politically sensitive issues of peatland conservation. However, increasingly complex project designs risk dilution of the key priorities for Government, which are to develop and demonstrate scalable, innovative models and to meet the SDGs. Also of concern is the diminishing focus on poverty targets. Given this emphasis, there is insufficient attention to capacity building. Also of concern is the diminishing focus on poverty targets and inadequate support for the Government's nutrition priorities, especially concerning improved diets.

## B. Coherence

### External coherence

69. **IFAD filled gaps where other development organizations were absent. While the focus of more recent projects has reduced its niche-focus – where it had an undisputed and demonstrable comparative advantage – it has also risked**

<sup>31</sup> Approximately 26 per cent in 1993 compared with approximately 13 per cent in 2013.

<sup>32</sup> TNP2K Internal workshop 6 May 2013.

<sup>33</sup> Law no. 40/2009 on youth promotes youth entrepreneurship and encourages local governments to allocate budgets to training and coaching youth, including helping them to access finance. The 2016-2019 National Youth Action Plan prioritizes youth empowerment, employment and entrepreneurship.

**more duplication.** IFAD had a strong focus on agricultural development for eastern Indonesia, an exclusive focus on smallholders and small-scale fishers, and a comparative advantage in developing and testing innovations for these under-served areas and beneficiaries. Since adopting a value chain, business development and less geographically focused approach, it now operates in a system with many more players, including other development organizations, international NGOs and the private sector.

70. **There was little evidence of attempts to create synergies by working in alliance with agricultural-development programmes,** which were supported by other funding agencies rather than formal partnership arrangements. It was noticeable in interviews that there was little reference to the range of agricultural-development programmes undertaken by the MoA; these could potentially benefit from experience-sharing and complementarities. There was also little reference to what other development agencies were supporting. Even less reference was made to research and development activities of the private sector or small independent research entities (e.g. Kopernik). The Interim COSOP (2014-2015) prepared an analysis of potential complementary partnerships, but little seems to have been done with this. READSI has included provision for support for a donor-coordination platform on agricultural policy, but this has not materialized. However, interviewees indicated that there was a need for regular platforms for sharing experiences and plans, and working out complementarities in agricultural development. Without extensive knowledge of the work of various actors in the sectors, potential synergies are missed – such as providing innovation for others to take to scale, or taking to scale innovations developed by small-scale actors.
71. **Good use of GEF-grant projects enabled IFAD to contribute to improved dialogue among the ASEAN Member States, on sustainable management of peatlands and the reduction of haze pollution in Southeast Asia.** IFAD worked on the regional and politically sensitive issue of haze pollution, and agreed to design and supervise the GEF-4 APFP regional grant project (2009-2014). Although complicated to put together, the project demonstrated the significance of integrated management of peatlands through four pilot countries: Indonesia, Malaysia, the Philippines and Viet Nam. Moreover, it created the foundations for a regional ASEAN platform that brought countries together to collaborate on tackling haze pollution. In 2013, APFP and the European Union-funded Sustainable Management of Peatland Forests in Southeast Asia project provided an opportunity for Environment Ministers of the 10 ASEAN Member States, including Indonesia, to approve the establishment of an ASEAN Programme for Sustainable Management on Peatland Ecosystems (2014-2020); this then supported the implementation of the ASEAN Peatland Management Strategy 2006-2020. The current MAHFSA grant, implemented by the ASEAN Secretariat, includes an ambitious financing plan to contribute to the ASEAN Haze-Free Roadmap. This is expected to benefit 50 million people across the region. However, the scope of the grant objectives and activities requires significant resources, which IFAD has yet to provide.

#### **Internal coherence**

72. **COSOP (2016) does not provide a strategic vision that gives coherence to the country programme.** The stated SOs intend to assist small-scale producers in participating in remunerative food markets and becoming more resilient to risks, and to support rural institutions in providing more responsive services for small-scale producers. This is misleading, since much of the portfolio is unconnected to the food market per se; instead it focuses on cash crops (e.g. cacao, nutmeg and copra) and business development, involving a range of value-added products including pharmaceuticals, crafts and home products. Equal emphasis is also placed on resilience and on responsive services that are limited in scope, in the project designs. COSOP (2016) does not provide a long-term vision based on how IFAD's support has evolved over time, and the direction it intends to take to support the Government's

aspirations in the future as an MIC. Without a purpose more tailored to the Government's needs, the portfolio is little more than a collection of projects rather than a coherent country programme with clearly defined synergies and complementarities.

73. **Consequently, the project ToCs do not readily fit together or clearly collectively contribute to an overarching one.** Projects use different indicators to measure similar intended results, and there is a lack of coherence between them and COSOP results frameworks. This makes it challenging to aggregate indicators and to compare the results of different approaches and strategies, which is critical in considering the role IFAD is expected to fulfil by the Government.
74. **Too many objectives dilute efforts to increase internal coherence.** Concern was expressed that the many demands for integration of cross-cutting issues – such as nutrition sensitivity, CCA and GEWE – dilutes and confuses the focus of programmes and can result in a lack of coherence. For example, rather than integrating nutrition awareness into the support provided to farming households in READSI, a separate homestead-gardening component was created, which was not coherent with the main project interventions. Furthermore, budgets to support cross-cutting issues have been reduced and were reported as amounting to a mere US\$30,000 this year.
75. **Nevertheless, common approaches were apparent in the earlier projects and successive ones build on lessons learned.** The common approaches were: (i) a shared way to work with the poorest beneficiaries in remote/difficult-to-reach areas; (ii) working through beneficiary groups, cooperatives and federations; (iii) facilitation of access to integrated packages of support;<sup>34</sup> and (iv) an emphasis on empowerment through facilitation efforts. The value-chain lens gathers momentum from the design of SOLID onwards. There is a clear chronological coherence with successive projects, building on the lessons learned from previous ones. This is supported by the CSPE online survey results, where 83 per cent of consultants and 100 per cent of Government respondents felt that project designs built on lessons from past projects.
76. **Little coordination and sharing takes place among projects, even in instances of geographic proximity.** Field interviews found that even when the same district office managed two IFAD projects, they were managed as distinct entities. This extended to the management of one project too, with IPDMIP managed by district agriculture and public works offices and with little coordination. Even farmers interviewed noted that IPDMIP felt like “two projects”. Supervision missions often emphasize the need to share materials and build on experience already accumulated in other projects. However, this does not happen spontaneously and without reminders. YESS is experiencing a lack of coordination between the district agriculture offices and the provincial agricultural training centres where the provincial project implementation units (PPIU) are situated; there is also criticism from beneficiaries and staff that components which should be sequential are happening in parallel. TEKAD also seems to be suffering from poorly sequenced activities. This situation was partly justified by senior staff as a need to “catch up” on time lost due to COVID-19.
77. **Where projects are promoting the production of high-value crops, the connection to overarching objectives – such as the reduction of chronic child malnutrition and improved food security – is difficult to rationalize.** Increased incomes cannot be assumed to translate into better family nutrition nor improved food security. This has led some projects to include what appear to be add-on elements, in an attempt to achieve these objectives. As noted above, READSI's homestead-gardening component does not relate to its focus on production of high-

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<sup>34</sup> Following the livelihoods framework, which identifies the mutual contribution of the five types of capital – social and political, human, financial, physical and natural.



value produce such as cacao (Sulawesi) or pigs (NTT). In Indonesia, increased disposable income is more often than not linked to poor nutrition habits – for example increased snacking, purchase of packaged convenience foods and baby-milk substitutes, and consumption of high-fat diets.<sup>35</sup> Interventions were not designed to address this challenge.

78. **The country strategies intended to use a mix of grants to support objectives, and to focus more on KM and policy development; however, this was with mixed success.** Eight out of the nine loan programmes covered by this evaluation included in-loan grants to strengthen the capacity of ministries for KM and policy development. However, their level of effectiveness has been relatively low (see below). Three country-specific grants were used to support key areas in the country strategies, namely: sustainable economic development through South-South and Triangular Co-operation in Indonesia; cocoa production; and sustainable livelihoods in peatland areas. Ultimately however, their contribution to the country programme was less than expected. Inevitably, the country team had less control on the regional grants. MAHFSA and Smart Tree-Invest were used relatively successfully in supporting CCA and mitigation outcomes. The majority of regional grants that involve work in/with Indonesia have not created links with the country programme.
79. **The GEF grants have contributed to COSOP objectives, but have not added optimal value because of their limited engagement with IFAD projects.** The sequential GEF grants have built and learned from one another since 2009, and have been successful in themselves. As a block, they have demonstrated significant sequential coherence. The GEF-4-funded APFP (2009-2014) contributed to the interim country strategy's efforts to improve environmental sustainability. The GEF-5 SMPEI (2017-2021) and GEF-6 IMPLI (2020-2025) have contributed to the attainment of SO2 on resilience in the COSOP (2016), through support to integrated and sustainable peatland management at community, district, provincial and national levels. Although addressing peatland challenges, the locations selected were not in existing IFAD project areas. IFAD has a presence in Papua, which has over 3.5 million hectares of peatland, but did not locate the GEF grants there.

#### **Knowledge management**

80. **KM and advisory support are key demands from Government as an MIC but are underresourced.** The country strategies noted the key significance of KM.<sup>36</sup> This CSPE established that financing for KM and policy engagement reduced by 50 per cent between 2013 and 2021. Staff time and attention to these represented less than 3 per cent of time allocated. Positions for KM consultants and KM focal points remain vacant or are filled too late in the project cycle. Indicators for KM are reduced to numbers of knowledge products; little attention is paid to the strategic and timely use of KM products nor to the selection of appropriate channels for dissemination. The main problem is that KM is addressed too late and is seen as an add-on rather than the driving force it should be. Even where KM products proliferate (e.g. CCDP) there has been no evaluation of their user interface, usability or influence. The development of KM products is typically outsourced to communications firms, resulting in high-quality publications, videos and other communications materials; but less attention is given to ensuring clear, technical, audience-centred messages.
81. **None of the projects has well-defined KM strategies.** CCDP made efforts towards fulfilling its role as an innovation leader; it produced over 150 knowledge products, many of which received widespread media coverage. Even though it did not have a KM plan, it emphasized KM from the start and had a dedicated PPIU for KM in the Badung Learning Centre – which was tasked with stimulating learning between other PPIU. Drawing on this experience, READSI planned to have a strong

<sup>35</sup> <https://www.worldbank.org/en/news/feature/2015/04/23/the-double-burden-of-malnutrition-in-indonesia>.

<sup>36</sup> "KM constitutes the pivotal link between investments on the ground and scaling up (and) will be a major driver of IFAD's new operating model in Indonesia and of IFAD's role as a source of expertise for promoting inclusive rural transformation."

KM and evidence base. It earmarked US\$1 million through an in-loan grant to support this, including facilitating a donor coordination platform on agriculture. However, SOLID and READSI have produced little more than “stories from the field” posted on websites. TEKAD has ambitious plans to support the East Indonesia Gateway, comprising website and apps to promote village innovations. YESS plans to give *Pusat Layanan Usaha Terpadu*/Centres for Integrated Business Services a pivotal role in KM sharing across PPIU, and to connect youth facilitators in real time through tablets. Both initiatives will be limited in effectiveness because of their late start-up. The country-specific grants have a clear focus on KM but their scope is small.

82. **The in-loan grants have been used in an ad hoc manner, rather than strategically contributing to an enhanced KM function.** The eight in-loan grants have gone to the implementing ministries for different project loans or BAPPENAS; neither option has been able to strengthen capacities to foster a KM system that documents and shares lessons from the field to inform policy work. More focus has been placed on using the grants for policy analysis and papers. Although this policy work is a step in the right direction, there are unclear linkages, and hence benefit, to the loan projects.
83. **Due to weak KM, IFAD has not fulfilled its potential to become a leader in innovation primarily.** Following recommendations of the 2013 CPE, IFAD stated its intention to reorient the country programme to concentrate on innovative approaches in all of its projects, with a view to providing the Government with models for scale-up. Some success has been achieved (see Innovation section) in this regard but the way MIS and M&E systems are set up does not support developing innovations, which requires trial and error. The lack of coherence in intention to innovate, and the enabling environment to do so, is one of many reasons why innovation has not been valued as intended.

#### **Partnership building**

84. **Cofinancing arrangements have accelerated over the evaluation period, suggesting a recognition of the importance of strategic partnerships that add value – at least financially.** Building on experience with cofinancing with the World Bank, IFAD stated its intention to search for new cofinancing partners in the Interim Country Strategy (2014-2015) – to enhance agricultural growth and productivity in critical areas such as irrigation. IFAD noted that new partnerships, for example with the MoPWH, would advance these aspirations.
85. **Cofinancing comes with a risk of diluting IFAD’s influence on projects.** The Interim Country Strategy (2014-2015) noted that cofinancing arrangements should not be at the expense of IFAD’s ability to influence design, location selection or policy. As the much smaller partner to the World Bank in PNPM, IFAD had very little influence. Examples of this concern are found in PCRs.<sup>37</sup> Having extricated itself from cofinancing the larger PNPM, IFAD was able to develop PNPM-Agriculture. This supported IFAD’s goal of providing block grants for village-level agricultural development, and enhancing the role of village facilitators and village-level planning. This led to Government recognition of IFAD’s comparative advantage and the opportunity to utilize CDD experience from VDP with the new MoV, thus contributing to the Village Law (2014). The result is the design of TEKAD, which suggests the Government’s appreciation of IFAD’s technical capacities.
86. **The cofinancing with ADB on IPDMIP led to compromises on working, in 74 districts across 16 provinces, and reduced the scope for promoting internal coherence among IFAD projects.** Several interviewees pointed to the difference in approach, describing IFAD as a development organization that provides relatively

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<sup>37</sup> For example, “Pre-MTR READ had become a de facto World Bank PNPM project, with considerable expenditure on community infrastructure but little or none on agriculture and enterprise-related investments” (READ PCR p19 para 27).

small loans, and ADB and the Islamic Development Bank as banks interested in providing large-scale loans. IFAD has limited capacities to manage additional large projects, and could only cofinance with another institution like ADB if the cofinancing partner took on the management role (as intended for the pipeline horticultural project). Such an arrangement needs to be justified in light of IFAD's comparative advantages, and the extent to which it can still achieve its objectives as a small partner.<sup>38</sup>

87. **Enhanced partnership with Rome-based agencies has made important first steps, but is yet to yield the benefits envisaged.** There are three factors that make collaboration especially important in the Indonesian context: (i) the importance the Government places on the advisory role of the RBAs within an MIC; (ii) all RBAs are highly regarded by the Government in terms of their technical expertise; and (iii) all RBAs have small country offices and there are obvious advantages in combining advisory efforts. The anticipated impact of collaboration is to support the Government in food security and nutrition, especially in its efforts to respond to the mandates of the 2030 Agenda. This provided the impetus for the RBAs to formulate a Joint Country Strategy for the first time. The strategy provided a unifying approach centring on food systems, which has resulted in improved messaging and communications, according to the Joint Evaluation on the Collaboration among the United Nations Rome-based Agencies. However, the potential has not been realized in terms of mobilizing joint funding, nor in any obvious enhancement in policy engagement or knowledge sharing. While the theoretical advantages of providing a unified voice are clear, all RBAs face the same problems: small, overstretched country offices and transaction costs that are currently too high to make these partnerships work optimally. COVID-19 and new staffing in all the agencies have also slowed down progress. Nevertheless, as the CSPE period concluded, interviews from the field indicated that the joint project planned for NTT, which utilizes READSI funds, has started.
88. **IFAD proactively responded to a move by the Government towards greater engagement with the private sector.** This was first made explicit in the Interim Country Strategy (2014-2015), where intentions were made to support public-private partnerships – noting in particular the Cocoa Sustainability Partnership and the Partnership for Indonesia Sustainable Agriculture. With the increased receptiveness of the Government towards the private sector, IFAD also saw a window of opportunity to facilitate direct interaction between the private sector and smallholder farmers. Partnerships with the private sector have increasingly become central to project strategies. In early projects (SOLID, CCDP), these were viewed primarily as market linkages that reduced transaction costs, shared risks and improved reliability in sourcing products and services. The later projects have focused on added advantages such as cost sharing (training and sharing expertise). The partnership with Mars, fostered in READ and subsequently READSI (and with planned linkages to UPLANDS), has demonstrated the usefulness of leveraging private sector support, including in anticipation of absorption of cacao farmers into its value chain. YESS has already identified over 200 business-development service providers with whom to partner. Despite high-level directives to engage with the private sector, MoA and MoV prefer to promote public institutions<sup>39</sup> to promote business.
89. **Successful partnerships have been forged with research agencies.** UPLANDS plans to partner with Grameen Intel Social Business to roll out digital soil testing and notes that it has leveraged US\$24,000 from the private sector in seed technology development. Interviews suggested that much more could be done as there are

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<sup>38</sup> FAO often plays the role of innovator for IFAD roll-out in other countries, but there are two issues in Indonesia: (i) FAO is very small in Indonesia; and (ii) Government rules prevent UN agencies financing each other in any way.

<sup>39</sup> Kelompok Usaha Bersama/Joint Venture Group (KUBE), Badan Layanan Umum Daerah/Regional Public Service Agency and Badan Usaha Milik Desa/Village-owned Enterprises (BUMDes).

burgeoning start-ups across Indonesia developing new products and services linked to the agricultural sector. The partnership with World Agroforestry Centre (ICRAF), through the regional grant Smart Tree-Invest (2014-2017), was successful in implementing the first-ever research project in remote Buol district in Central Sulawesi; it managed to create a conducive enabling environment for participatory agroforestry schemes. Presently, IFAD is planning to link READSI with the IFAD-funded regional grant Sustainable Farming in Tropical Asia Landscapes, implemented by ICRAF and cofinanced by Mars.<sup>40</sup> ICRAF values IFAD for its flexible approach, focus on the poor and potential scope for scaling up their innovations.

90. **IFAD supported the Government's encouragement of the banking sector to increase lending to the agriculture sector.** Different models of formal banking – Bank Negara Indonesia and Bank Rakyat Indonesia (State-owned commercial banks) as well as Bank Pembangunan Daerah (provincial development banks) have been experimented with. The experience of these banks shows that value chain-based financial linkages are a promising avenue to explore, to reduce the risks and costs of agricultural lending. Nevertheless, supervision missions constantly point to slow progress in formalizing partnerships at local level, with banks ultimately reducing the potential of these components of projects. Bank Mandiri has shown interest in YESS. Field interviews suggest that its own orientation to providing banking to youth, as well as opportunities provided by the project to promote their services, has been more successful than trying to partner with banks whose own policies are not coherent with the aims of the project.
91. **Partnerships with NGOs have not been used to expand innovative practices.** Promoted as a promising opportunity in the Interim Country Strategy (2014-2015) as organizers of groups, especially women's groups, the intention was to encourage local government to collaborate with NGOs by demonstrating the advantage of this approach. Additionally, Swisscontact was contracted to implement the Sustainable Cocoa Production Program grant, and the Center for International Forestry Research to implement the Haze Free Sustainable Livelihoods Project grant in the GEF-funded SMPEI. Little has been achieved in partnering with NGOs to expand IFAD's source of promising and innovative agricultural practices.

#### **Country-level policy engagement**

92. **The intention to influence policy in favour of IFAD's target groups has been supported primarily through investment projects.** IFAD influenced the Village Law (2014) through its CDD projects, as elaborated under Partnerships (para. 85) and under Scaling Up (para. 191). IFAD projects have also supported the implementation of decentralization, through the utilization of the on-granting mechanism as mentioned under Relevance (para. 47). Other ad hoc examples of policy engagement through closed projects are outlined in box 3. **Small IFAD-grant funding has also contributed to policy development.** IFAD has been able to contribute to the peatland policy and management issues since 2009, through APFP,

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<sup>40</sup> So they can support each other in the promotion of agroforestry, the sharing of data and policy engagement.

SMPEI and IMPLI, with much greater influence than could be expected by their financial contribution.<sup>41</sup> This is elaborated under ENRM (para. 196).

Box 3

#### Examples of project policy influence

- CCDP, which prioritized policy engagement, claimed it had generated interest from local policymakers in its participatory market-driven approach. It noted that subsequent national policy formulations recognized the importance of combining sustainable marine and coastal management with economic livelihood development. As the only project working in this sector at the time, this attribution is probably well founded but lacks rigour.
- SOLID made no claims to have influenced policy, although it may have raised awareness of pro-poor programming. With the benefit of hindsight, it may have also provided further evidence of the effectiveness of village facilitators – who ultimately became central to MoHA and MoV policies for village development.
- READ had a US\$500,000 grant to build MoA capacity in policy analysis, administered through its Centre for International Cooperation. Although the PCR describes dissemination events, there is no evidence of the usefulness, or engagement around, the seven policy studies produced.

93. **Key informant interviews indicate the use of policy studies in preparation for midterm national strategies.** BAPPENAS interviews indicated that IFAD's experience and expertise is valued when developing the five-year RPJMN, especially as it is the only organization that exclusively focuses on smallholders. Direct grant support to BAPPENAS for policy development is appropriate, given the pivotal role it plays in policy development, but can risk a disconnect from implementing agencies. BAPPENAS staff are frequently moved to different units and promoted to advisory roles in ministries. This makes it difficult for IFAD to cultivate long-term relationships with the working ministries and powerholders who support policy dialogue.
94. **Policy engagement together with Rome-based agencies has potential.** As noted above, this partnership is in its infancy, and efforts to collaborate have been limited. Nevertheless, Government staff interviewed noted that the combined efforts in policy engagement are not only welcomed, but have the potential to be significant in promoting the food systems approach; they can also address, through partnership with the Food and Agriculture Organization of the United Nations (FAO) and the World Food Programme, the Government's concern for its poor SDG rating for nutrition.
95. **There are insufficient dedicated funds for policy engagement, and weak M&E and KM systems undermine potential for wider policy engagement.** Despite the emphasis given,<sup>42</sup> the intention is not well resourced and does not have adequate systems to support it. There is no programme-wide strategy for policy engagement and no coherence in the selection of issues for policy engagement. The weak M&E and KM systems have not generated the evidence needed for robust policy engagement. There is no systematic way of tracking achievements in policy engagement.
96. **Summary. The coherence of IFAD's country strategy and programme is rated moderately satisfactory (4), KM is rated moderately unsatisfactory (3), partnership is rated moderately satisfactory (4), and policy engagement is rated moderately satisfactory (4).** The overall rating reflects the strong coherence demonstrated by older projects within the portfolio, which shared

<sup>41</sup> The IFAD grant for SMPEI was US\$0.495 million, the GEF grant was US\$4.76 million out of a project total of US\$26.51 million, and for IMPLI the GEF is US\$4.9 million and IFAD grant US\$0.75 million, out of a project total of US\$27.26 million.

<sup>42</sup> For example, the interim country strategy (2014-2015) placed considerable emphasis on building IFAD's capabilities to engage actively in policy dialogue, including intentions to: (i) provide grants to support specific policy issues within the context of its projects; (ii) create a pool of resources; and (iii) partner with representation institutions of smallholder farmers and fishers to identify relevant policy issues and assist them in developing effective policy advocacy strategies.

consistent approaches and operated within contexts with few other development actors. It also acknowledges the strong intention to work collaboratively, but recognizes it currently lacks sufficient allocation of financial and human resources to be realized. Given that IFAD's portfolio has moved from its former niche focus to situations with multiple and diverse players (and with more potential for synergy but also competition and duplication), as well as more complex project designs, the lack of resources (needed to better understand and contribute within specific operational contexts) is a risk to achieving coherence objectives going forward. The KM rating reflects underresourcing and inadequate M&E for innovation and policy engagement. The partnership rating notes that efforts were made to forge new partnerships with cofinancing agencies but limited in terms of partners supporting business-development support for farmers. Proactive policy engagement, while valued by the Government, is constrained by a lack of resources.

### C. Effectiveness

97. The CSPE assessment of effectiveness includes READ, SOLID, CCDP and VDP, and the two projects (READSI and IPDMIP) that have reached MTR. In this analysis, only the results that are most attributable to project interventions are considered. The primary focus is on the extent to which the projects achieved their intended results, outputs and short-term outcomes, and their combined contribution to the COSOP. IFAD generally takes a relatively narrow view of results, requiring them to be quantified summaries of outputs and focuses on directly attributable metrics such as numbers of beneficiaries trained, numbers connected to services, numbers receiving inputs, etc. However, the CSPE reconstructed ToCs to underpin this evaluation, which extends the identification of non-quantifiable outcomes such as increased knowledge, confidence and improved systems resulting from interventions. The CSPE notes that such immediate outcomes are achievable and within the control of the project (barring unanticipated external factors) and should be assessed in terms of effectiveness.
98. **The narrow focus of collecting data against targets has led to undervaluing the effectiveness of many interventions.** The main metric used by projects to gauge effectiveness is the number of households receiving project services (table 5). Not only is this too narrow an assessment lens but some interventions have no indicators at all. Reporting only against targets means there has been no assessment of quality or appropriateness of interventions, nor unpacked effectiveness outcomes – some of which are complex (e.g. empowerment). Only CCDP provided more detailed evidence of effectiveness.<sup>43</sup> VDP had particularly weak M&E; it was not customized to the needs to demonstrate effectiveness of what was in effect a pilot (or bridging) project. Even through limited qualitative interviews, the CSPE was able to establish what farmers considered effective interventions in terms of increased knowledge and confidence.
99. **Defining the components of effectiveness.** The three COSOP phases reflect evolving and different theoretical and contextual foundations. Therefore, the CSPE pulled out common intentions that all phases (and the three ToCs) have as a basis for assessing effectiveness. These are: (i) empowerment and organization in rural communities; (ii) accountable and demand-driven local governance; (iii) improved access to responsive services; (iv) small-scale producer production; (v) access to markets and value-chain development; and (vi) resilience to risks (ENRM and CCA and savings/insurance).

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<sup>43</sup> CCDP had defined results-chain and detailed indicators beyond target participation (e.g. enterprise groups continue to operate profitably, village plans reflect people's priorities, etc.) and further developed useful SMART activity indicators such as *coastal management plans in place, food safety and halal certificates issued, partnership arrangements between producers and private sector documented*. Furthermore, CCDP consistently used AOS, unlike other projects.

**(i) Empowerment and organization in rural communities**

100. **The assumption that group-formation results in empowerment and collective action to improve production, productivity and voice, has not held.** This was reinforced by the MoA regulation (2013) to register all farmers eligible for inputs in groups. Groups fulfilling a function for the common good have been supported effectively.
101. **Groups were key for project interventions but not always valued by beneficiaries beyond a means to receiving inputs.** READ,<sup>44</sup> which explicitly drew on PIDRA,<sup>45</sup> claimed to have established approximately 1,087 commodity-based groups.<sup>46</sup> However, without PIDRA's level of intensive facilitation support, they became redundant. SOLID supported self-help groups, with a target of 3,300 (revised at MTR to 2,240) and achievement of 2,192 (98 per cent) at endline. The projects have recorded numbers of groups formed rather than their utility. For example, in READSI, farmers interviewed did not value the group per se except as a means to register for official assistance. Similarly, members of READSI's women homestead-gardening groups said they joined to access individual inputs (seeds, equipment) and not for the benefits of working as a group (collective income generation, savings). Groups had simply ceased functioning following a single income-generating-activity training. Only in CCDP, where division of labour in fishery activities was already highly gendered, did women see value in the focus support to women's groups involved in fish processing. Farmers did not consider groups to be fundamental for organizing FFS sessions, and suggested that extension and advice were better directed to farming households with common interests.<sup>47</sup> Sharing of productive assets (especially high-cost technology such as tractors) was neither a cultural practice nor demanded by farmers. For example, READSI group members preferred that each individual member received the same package of resources, avoiding disputes over use and maintenance. The only collective activity mentioned by farmers was cultivation of demonstration plots.
102. **Forming groups to enhance collective voice was also ineffective.** SOLID established one federation per village – each representing 10 smallholder groups (SHG) – for farmers to collectively interact with buyers and serve as “sustainable business units”. This initiative was widely regarded as unsuccessful. This was either because farmers who were engaged in the three commodities focused on post-MTR (coconut, cacao and nutmeg) continued to make their own SHG connections with buyers;<sup>48</sup> or, particularly in light of poor experience with discredited cooperatives in the past, they preferred to forge their own trusted relationships. By MTR, the SOLID federation approach was reduced to only supporting its potential to manage operation and maintenance functions for shared infrastructure. UPLANDS is asking potato and shallot groups to form associations, but until now those interviewed are not clear about their value.
103. **Groups formed for a purpose beyond access to project or government resources are valued.** Among those supported by IFAD are working groups tasked with protection or maintenance roles, rather than productive roles. They are valued for their common good, e.g. community-based coastal management groups, the fire protection groups (GEF grants) and WUA (IPDMIP). IPDMIP has an objective to **revitalize and register WUAs** in addition to working with farmer groups. These

<sup>44</sup> READ design noted the intention to support “new forms of community organizations for the poor”.

<sup>45</sup> The village development association model developed in Post-Crisis Programme for Participatory Integrated Development in Rainfed Areas (PIDRA) (2001-2009) provided an important experience for subsequent projects.

<sup>46</sup> Rice/maize, cacao and copra, with special women's groups focusing on vegetable production.

<sup>47</sup> Farming is mostly a family/household-based activity or extended family, particularly in eastern Indonesia. Echoing others, one farmer noted: “(We) learn together and work individually”. The farming household approach, which READSI documentation increasingly acknowledges, referring to household methodologies as well as the Mars model of working with farming households. The design of TEKAD notes an intention to adopt a household approach for engagement, especially in Papua. YESS does not allude to formation of groups as a means for organization and empowerment.

<sup>48</sup> Farmers organizations already existed at village and district level where there was perceived value, making formation of new organizations redundant.

water groups have existed in some form for generations. They primarily focused on water distribution and dealing with maintenance and conflicts, and identifying timing of planting in synch with fertilizer supplies. With IPDMIP's intervention, they are now seen as more effective units, which can receive information and advice, and anticipate that their more formalized relationship with district irrigation offices may enable more collaboration in the future. However, WUA members shared that there had been no opportunity to influence the decisions on what construction was needed, nor the timing of this construction – which in some cases interfered with production.

104. **Careful selection and capacity building of facilitators has been effective in contributing to empowerment aims, and in providing effective demonstration of this approach to Government.** IFAD has persistently promoted the need for village facilitators and the use of participatory techniques to engage people. READ contracted the services of an NGO to provide village facilitators who mobilized and helped to form groups. The NGO also provided capacity building to enable facilitators to plan and manage resources. SOLID was regarded as a model for community empowerment: it started slowly, providing incremental support for self-help groups at a pace commensurate with the capacity of the groups.<sup>49</sup> Like READ, both SOLID and CCDP also contracted NGOs to provide facilitation services. The demonstration of the efficacy of village facilitation has led to the Government mobilizing its own funds to support village facilitators (Empowering Youth Development and Empowerment Program [P3MD]) to support the Village Law. However, replication of the facilitation approach is not easy, as noted by the VDP redesign document, supervision missions and project performance evaluation (PPE).<sup>50</sup> In the absence of good facilitation, VDP became, in effect, little more than a cash-transfer programme.

#### **(ii) Accountable and demand-driven local governance**

105. **Poor articulation and tracking of indicators for enhanced participatory village governance.** Despite the key intention of promoting CDD (including participatory village governance and enhanced downwards accountability), none of the projects tracked this well. Perception studies, if actually done, reduced assessment of effectiveness to questions related to the extent to which priorities for village investment matched personal choice.
106. **All the closed projects adopted the model of participatory village planning but with mixed results.** This model had been developed through IFAD's involvement in PNPM and PIDRA.<sup>51</sup> Projects designed before the enactment of the Village Law worked with existing village structures,<sup>52</sup> such as regional development banks and LPM (community empowerment body); used the village-committee model adopted in PNPM; or created ad hoc groups for village planning. At MTR, READ switched direct funding from villages committees (because they failed to be inclusive) to village groups.<sup>53</sup> READ continued direct capacity building of regional development banks and LPMs to encourage more participatory village decision making and to improve village-to-subdistrict/district linkage. CCDP built on the PNPM participatory village-planning model, working first with former PNPM villages; this was an incremental approach, which was effective. In contrast, VDP was designed to test provisions of the Village Law (2014), whereby investment funds were provided

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<sup>49</sup> Including developing a system for assessing and categorizing group capacity.

<sup>50</sup> States: "The key to successful facilitation outcomes is hiring locally, training thoroughly, and providing a robust district-level support structure for facilitators, including promotion pathways for high performing and talented facilitators' (para 40). PPE noted "that the understanding of what facilitation entails was found to be weak among the facilitators interviewed", with most seeing their role as mobilizer or village contact person.

<sup>51</sup> Participatory village planning in Indonesia initially drew on the principles of the traditional practice of *gotong royong* or collaborative working for the good of the community.

<sup>52</sup> READ, SOLID and CCDP.

<sup>53</sup> READSI's continuing use of village committees is unclear, given the more-recent reinstatement of village-level *musrenbangs* (annual village deliberations).



through the Government's Village Funds. The PPE found that average allocations for agriculture-related activities were 8.65 per cent, short of the 20 per cent target. Ninety-eight per cent of Village Fund records were rated "poor", and training by government-employed Empowering Youth Development and Empowerment Program facilitators for village heads was weak. While the PCR noted 31 per cent of village plans were prepared with community participation, the data is unreliable and facilitators indicated that lack of resources had prevented them from assisting the *musrenbangs*.<sup>54</sup> The PPE noted the challenges of supporting local governance change in Papua and West Papua, and the short project duration. However, it concluded that VDP did not achieve its governance objectives with: (i) Village Funds rarely used for productive economic activities; (ii) weak facilitation; and (iii) weak attempts to harmonize the project with local-governance changes.

107. **Experience from sustained IFAD support to participatory village planning has demonstrated that this, together with concomitant control of financial resources, can work.** Actualizing Government's decentralization to villages has been a long process, with many iterations and confusing directives and systems that IFAD nevertheless consistently supported. This demonstrates that the principles enshrined in the Village Law are achievable, with sufficient facilitation, time and capacity-building support. This demonstration also highlights the challenges of the approach being used, where high levels of subsidy have become the norm – especially in the semi-autonomous regions of Aceh and Papua – and where customary governance still operates, as in Maluku, Papua.

108. **Decision making in ongoing projects has shifted upstream and away from villages.** While on-granting supports the devolution of responsibility for budgeting and spending to districts, village governments have been consulted less. Farmers and villagers interviewed (READSI and IPDMIP) perceived that projects were managed by districts rather than by villages. The selection of irrigation schemes in IPDMIP was made by central Government, without involving district or village governments; the schemes are much criticized by both village government officials and farmers. UPLANDS, although not covered in this evaluation of effectiveness, was also criticized by farmers as having decided interventions "from the top". Districts were asked to make proposals, but these had not included village decision-making bodies. The only current project to be supporting village-level participatory planning, budgeting and accountability is TEKAD.

### **(iii) Small-scale producer production**

109. **The FFS approach is effective in increasing the knowledge and capacity of farmers.** The increased productivity noted in the IPDMIP adoption study is largely due to the use of enhanced farming technology, transferred to farmers through improved extension services using the FFS modality. The enhanced technology included use of superior seeds, the *jarwo* planting system, fertilizers, agricultural equipment and machinery, as well as control of plant pests and diseases. Field-extension workers, supported by district agriculture-extension centres, delivered over 6,000 FFS and 245 equipment demonstrations – benefiting 166,882 farming households when accounting for farmer-to-farmer sharing. Non-IPDMIP farmers in the adoption study stated that they did not adopt certain practices due to the lack of understanding of the technologies. On the other hand, the constraints for IPDMIP target farmers to apply the new technologies and practices are either a lack of funds or availability of new tools and equipment. Although evidence from other projects was limited, the field interviewees generally benefited from FFS and increased their yields, particularly by using improved seeds.

110. **Good adoption rates of recommended inputs contributed to increased productivity and improved NRM.** At midterm, IPDMIP is reporting over 50 per cent of beneficiaries adopting recommended fertilizer rates and improved seed.

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<sup>54</sup> Para. 63, figure for 2018.

According to the midline survey data, farmers benefiting from IPDMIP training and soil-testing kits have reduced the use of chemical fertilizers significantly. This reduction decreases production costs and increases net profit, while decreasing groundwater pollution and soil degradation. According to the adoption study, IPDMIP beneficiaries also noted a better understanding and use of improved seed varieties compared to non-IPDMIP farmers in the same areas, which contributes to increased productivity and reduced production costs.

111. **FFS-promoted technologies adopted by farmers/fishers appear to have increased yields.** Reported increased production may not be representative due to the lack of reliable data; in particular, measurements have not been taken from the same plots on an annual basis. Nonetheless, there are examples of beneficiaries reporting doubled production due to adopting some project interventions. Interviews with beneficiaries suggest that farmers near demonstration plots replicated aspects in their own fields. READ established and strengthened on or above target 1,076 beneficiary groups on maize, cacao, copra, vegetable/homestead and non-farm activities. This training contributed to increased production, notably of cacao and copra, in excess of 167 per cent over yields from non-beneficiary farms. SOLID operationalized and trained 2,192 SHGs which was 98 per cent of target. Through training, the SHGs increased yields over the baseline by 58 per cent for rice, 71 per cent for maize and cacao, 59 per cent for vegetables, 47 per cent for peanuts, 55 per cent for copra and 68 per cent for nutmeg. Uptake levels were seen as a measure of success of the training activities conducted by CCDP, with about 50 per cent of project beneficiaries reported as having adopted new technologies and approaches relating to aquaculture, processing, marketing, organizational management and compliance with product quality and traceability standards. An increase in the order of 80 per cent was described for capture-fishing groups, 450 per cent for freshwater aquaculture groups, 71 per cent for processing groups and 42 per cent for marketing groups. Capture fishery improvements came from enhanced fishing technologies and equipment upgrades. Pond aquaculturists attributed the large productivity increases to the improved water-management practices, seed quality and culture techniques that were promoted, along with equipment provision.
112. **Improved infrastructure was designed to support production; however, the timing of the rehabilitation did not always align with cropping seasons.** The Ministry of Public Works is implementing the infrastructure for IPDMIP, with little coordination with MoA and no consultation with WUA. As a result, there are numerous examples where rehabilitation commences at rice-planting time, and so the primary and secondary canals are emptied and there is no water available at the critical time. Beneficiaries also requested their priority need was for tertiary canals, but IPDMIP is not rehabilitating these. If IPDMIP is extended, it is planned to allocate some of the unspent funds to rehabilitating the tertiary canals, which should address this issue.

#### **Access to markets and value-chain development**

113. **All the projects faced challenges in establishing market linkages, and often were designed with over-ambitious expectations of adopting a value-chain approach.** The value-chain approaches adopted to date have been largely promoting market orientation rather than being market-led. This has resulted in looking for markets for products rather than undertaking a thorough study of the market (see examples in box 4). CSPE interviews and the online survey indicated that this is the least-effective aspect of the programme.<sup>55</sup>

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<sup>55</sup> The CSPE online survey indicated that only half of respondents felt even slightly that effective relationships had been made between the private sector and smallholders, with 25 per cent disagreeing with this statement.

**How projects have not been market-led**

- SOLID was the first project to refer to enhancing smallholder participation in value chains. The federation approach failed and the project was challenged to look for markets for individual SHGs that did not already have their own traditional buyers. This meant finding markets for value-added products, often through trade fairs or promotional events at provincial or national levels, and a market-led orientation was not adopted. Products anecdotally having some success include virgin coconut oil, kayuput oil and coconut fibre. The MTR recommended dropping the ambitious value-chain-driven strategy; instead, it recommended more modestly adopting an approach to empower SHGs through savings and loans for food production, with a view to selling primarily through local markets.
- VDP adopted the approach whereby existing produce was either bulked or processed for sale, with facilitators taking their own initiatives to broker market links or promote products through trade shows. This ad hoc approach and the short project duration meant that few new sustainable market linkages were actually established, although there was some evidence that existing market linkages had been strengthened (e.g. for sea cucumbers). IPDMIP has facilitated ad hoc market linkages; for example, one group interviewed described how their rice had been packaged to meet demand for souvenirs (*oleh oleh*) – but that these remained largely unsold.
- READSI commissioned three university-led value-chain studies. However, these fell short of expectations as they failed to map value-chain stakeholders, production flows or market channels. Quick value-chain analyses were subsequently recommended to be carried out by village facilitators on the 10 most common produce; they were intended to identify potential partnerships with the private sector, including networking with Partnership for Indonesia Sustainable Agriculture. The ongoing partnership with Mars intended to improve business training to farmers, and collaboration is expected to include building e-training platforms.

114. **Despite the intention of closed projects to improve physical storage and access to markets, effectiveness was not measured.** READ provided physical access to markets through the rehabilitation of farm-access roads. The Supervision report (2013) noted infrastructure improvements such as this as “substantial” (including 705 km rehabilitated farm-access roads) and resulting in improved access to markets and reduced travel times. However, the report provided no evidence to support this (e.g. reduced travel times, reduced transportation costs or reduced in-transit damage). Following the MTR, only infrastructure with a direct relationship to enhancing agricultural production and marketing was sanctioned. SOLID built access roads (69 km, 21 per cent of target) and did not provide evidence to justify enhanced access to market. VDP also resulted in the building of access roads (1,568 km) as well as 24 physical markets, but these will have been financed by the village governments through use of *dana desa* rather than directly by the project; also, their utility was not measured. Other infrastructure aimed at assisting marketing, such as storage facilities (to enable sale of produce when market prices were at their best or to assist with bulking) and agriprocessing facilities, were not systematically recorded.
115. **Enterprise groups were formed but evidence is lacking on how their capacity was built or how many are still operational.** Capacity building and resource provision for developing products for markets, like empowerment activities, was undertaken through groups. Only CCDP recorded the number of actual enterprise groups established (1,609 functioning at project completion). This was 89 per cent, exceeding the target of 60 per cent (512). However, CSPE field interactions revealed that SOLID claimed to have established 220 enterprise groups, with less than 10 per cent still operating in some form or other. The expectation in VDP that Village Funds would be used to support enterprise market linkages was not met, and village governments preferred to make traditional ‘handouts’ (seeds, fertilizer etc.). Only READ actually recorded providing training in marketing to staff (150 village facilitators). Beneficiary training in market-related activities (agroprocessing, income

generation and value chain) reached 26,907 beneficiaries (80 per cent target) in SOLID, 575 beneficiaries (three times the target) in VDP and, by MTR, 1,107 in IPDMIP; it was not recorded for READ. Evidence of enhanced participation in value chains is meagre. CCDP reported connecting 235 third-party buyers (an average of 19 per district) with enterprise groups,<sup>56</sup> of which 84 were validated by MoUs. The CSPE established that these agreements were skewed in favour of buyers and none is now functioning. VDP claimed seven buyer-farmer group partnerships were established, but these were not further explained. The annual outcome survey (2017) reported that 77 per cent of beneficiaries who had improved market access attributed this to the project intervention. CCDP reported to enable wider market access, and that 147 halal certificates and 357 food-safety certificates were issued to producers. While IPDMIP focuses on reducing the costs of production and post-harvest losses for the main irrigated rice crop, it nevertheless supports a value-chain approach for *palawija* (second crop) such as maize, chillies, banana and vegetables. However, supervision reports note slow performance due to a weak understanding of value chains, and delays in recruiting value chain officers and producing suitable training materials, although progress has been made recently.<sup>57</sup>

116. **Farmers prefer existing trusted buyer networks rather than new project-brokered market arrangements.** Interviews with farmers suggest they prefer working with their existing networks of buyers, with whom they have built trusted relationships over time and who often include extended family. Based on this trust, there is pricing transparency and often price guarantees within these traditional networks. Timely input loans and flexible repayment conditions are appreciated, while bank financing is still perceived as risky, complicated and less flexible. This suggests that farmers have already established their own presence in value chains, which they perceive as secure and reliable. CCDP recognized that risk-averse producers needed to be convinced to adopt a new approach; it actively introduced beneficiaries to their commodities' greater potential, through market-awareness visits and by identifying a few high-value products to focus on. Good business training and coaching, coupled with study tours and promotional events, have been effective.

#### **(iv) Improved access to responsive services**

117. **Projects have supported improved access to services, but evidence of improved responsiveness to beneficiaries' priorities is limited.** Table 5 presents the data on the number of households receiving services and number of village facilitators and extension workers trained. Overall, these outreach numbers are positive in terms of revised targets. However, the IPDMIP adoption study and field-level interviews provide the only evidence regarding the improved responsiveness of services. There are examples in IPDMIP where the beneficiaries requested training in priority topics for their FFS or different types of equipment. The extension workers have responded negatively, indicating that the beneficiaries can only have the planned FFS training or a certain piece of equipment.

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<sup>56</sup> Third-party buyers were those who maintained regular purchasing and comprised supermarkets, souvenir shops and processing companies.

<sup>57</sup> More recently, the Market Access Resource Compendium has been developed to provide a clear common understanding of value chains, with a separate Market Access Handbook intended for extension officers and designed to explain value chains in farmer-friendly language. Cascade training, using a new Value Chain Mentors Handbook, is designed to focus on strengthening smallholder engagement with "modern market opportunities", in particular fostering an enhanced understanding of urban consumers. It is too early for the CSPE to comment on the effectiveness of this approach.

Table 5  
**Number of households receiving services**

| Project       | Number of households |                |                                    | Outreach achieved against revised target | Number of village facilitators/extension workers trained |                            |
|---------------|----------------------|----------------|------------------------------------|--|--|----------------------------|
|               | Target at design     | Revised target | Final/latest outreach <sup>a</sup> |  | Target at design   | Achievement against target |
| READ          | 48 500               | 10 000         | 20 125                             | 201%                                     | 150  | 100%                       |
| VDP (ex-PNPM) | 14 000               | -              | 10 000                             | 71%                                      | 224  | 100%                       |
| SOLID         | 49 500               | 33 600         | 26 907                             | 80%                                      | -  | -                          |
| CCDP          | 19 800               | -              | 18 925                             | 96%                                      | -  | -                          |
| IPDMIP        | 900 000              | -              | 302 778+                           | 34%                                      | 10 000   | 13%                        |
| READSI        | 67 400               | -              | 81 437+                            | 121%                                     | -  | -                          |

<sup>a</sup> Latest figures of ongoing projects (IPDMIP, READSI) are cumulative numbers of 2020.

Source: CSPE team elaboration, based on project documents and logical framework (as of November 2021).

118. **The capacity of service providers has been strengthened to respond more effectively to the needs of beneficiaries.** To date, IPDMIP has mobilized 388 new field staff and provided them and another 1,572 field extension workers (the new staff and field extension workers are defined as field agricultural-extension workers) with annual refresher trainings. The training is intended to equip field extension workers with both technical and extension skills to deliver the planned technical support programme to farmers. In carrying out their duties, field staff have the same role as field extension workers, namely as agents of change at the village level as well as facilitators in implementing all IPDMIP activities. The results of the adoption study indicate that 97.4 per cent of the farmers stated that, in the last two years, there have been positive changes in the performance of extension workers and field staff working in IPDMIP villages and non-IPDMIP villages. Based on the field visit and key informant interview, it is likely that the project has contributed to these results.
119. **Village facilitators provide effective support to beneficiaries through motivation and by being neutral during project implementation.** Both SOLID and READ assigned facilitators outside the extension system to assist beneficiaries. As external third parties providing advice, beneficiaries perceived them as “neutral” and motivating. During implementation, the participation of beneficiaries was high, but activities subsided when the projects closed and facilitators stopped working. IPDMIP, READSI and TEKAD continue to engage facilitators as a means to motivate and support groups. As the facilitators are more available to the beneficiaries than field extension workers, they are asked technical questions which they are not trained to answer; however, they attempt to help by using the internet.
120. **The use of e-technology to support service providers has potential to provide real-time information to farmers.** IPDMIP delivered ICT equipment to 12 provincial units and 72 district units, and gave staff training in their use. The *Kostratani* system is now up and running, including the Agriculture War Room set-up in MoA and the 571 subdistrict agricultural centres supported by IPDMIP. This allows real-time data sharing and communication within the wide network of agriculture-extension centres. This potentially will be more responsive to the needs of farmers, and give them real-time data on market prices. However, at the time of CSPE fieldwork, neither extension workers, facilitators nor farmers could access the system.
121. **Despite support given to financial service providers, this has not yet resulted in additional access to credit for beneficiaries.** Improving financial access is a stated aim in design reports of the five ongoing projects, but how to

achieve this is not elaborated. Field-interview informants did not indicate access to finance as a major issue. Farmers explained that the most-used formal credit is the government-subsidized *Kredit Usaha Rakyat* (People's Business Credit) to micro, small and medium-sized enterprises, accessed through private banks and local government-owned banks. However, farmers mostly used trusted informal financial services. In 2021, IPDMIP held a workshop with senior representatives from Bank Negara Indonesia, Bank Rakyat Indonesia and Bank Mandiri, which focused on possible partnerships. By 2021, IPDMIP had five (63 per cent of target) financial service providers supported in delivering outreach strategies, financial products and services to rural areas. UPLANDS includes a representative of the financial services provider in the project introduction. IPDMIP beneficiaries have found that applying for loans from intermediaries is easier, as a result improving their yield by using good seeds. READ and SOLID established savings and credit groups that were useful during the project, but eventually they all became non-operational. Based on field interviews, beneficiaries did not find that access to finance had improved due to project interventions.

#### **(vi) Resilience to risks (rural finance, ENRM and CCA)**

122. **Evidence that financial-management skills training has helped farmers manage risk better is limited.** Project designs have recognized that farmers/fishers are vulnerable to risks, especially those related to high incidences of natural disasters and the exigencies of markets and market prices. In response, they outlined means to build financial resilience by encouraging beneficiaries to accumulate savings, improve financial planning and access to timely loans (but not to insurance products). For example, READ trained 1,076 groups in bookkeeping; SOLID saw 14,347 (85 per cent of target) women participate in savings schemes; and CCDP encouraged all enterprise groups to make savings (974 groups/60 per cent of total groups had savings at the end of the project). The more recent projects have developed financial-literacy packages for farmers. For example, at the time of the CSPE, READSI had trained 4,457 (7 per cent of target) farmers; IPDMIP had developed training materials (including booklets and video tutorials), and trained 30 master trainers and 250 field extension workers, who in turn have trained 1,080 lead farmers. IPDMIP has recently further developed an advanced module for Financial Literacy and Education. While training has been conducted, there is no data to indicate whether savings have provided a buffer in times of stress or that farmers manage their cash flows more effectively between seasons.
123. **Support to communities to conserve their environment and develop livelihood resilience showed better results when working with one ministry.** CSPE interviews of SMPEI beneficiaries suggest that there is good awareness of the need to preserve peatland to ensure future livelihoods. Previously, farmers used fires to clear areas for farming and, with others including private companies, were largely responsible for the haze. They shared that they are now enthusiastic guardians and want to prevent further encroachment by palm oil plantations. Farmers want more information on how to grow appropriate crops like pineapples. However, MoA was not included in the SMPEI design, and MoEF does not have an extension team able to advise on good agricultural practice; whereas in READSI, working with only MoA, "cocoa doctors" were recognized by farmers as providing useful demonstrations of rehabilitation of cacao trees. This was done in phased ways, which enabled farmers to continue to benefit from their land while waiting for new stock to grow. Farmers have been shown how to inter-crop while the cacao trees are maturing. READSI also provided vegetable seeds to support improved food security, recognizing the risks cacao farmers take when they have to replace ageing trees. CCDP worked in MMAF, taking a commercial approach to conserving mangroves and the coastline by forming and strengthening 180 resource-management groups, and making community-level ecotourism investments. Many of the conservation groups existed before CCDP, but had been further supported by the project.

## Innovation

124. The 2020 Global Innovation Index places Indonesia 85th out of 131 countries, the lowest among ASEAN countries.<sup>58</sup> To date, the Indonesian economy has been based largely on natural resources and efficiency of the economic structure. The Government 2045 vision is based on the experience of other countries – specifically, that an inclusive, innovation-based economy promotes economic growth and reduces poverty. Therefore, Vision 2045 is for Indonesia to become a developed country with high income, by harnessing an “innovation ecosystem”. The vision states that “the efforts to achieve this vision must be built on a foundation of knowledge and innovation.” **IFAD’s portfolio features several innovations in the Indonesian context; the nature of innovations tended to be dependent on the capacity of the provinces and the local context.** There were also a number of missed opportunities to be innovative. Several successful innovations have led to scaling up into new projects, for example from VDP to TEKAD.
125. **IFAD’s projects during the review period evolved from focusing on increasing productivity to improving the entire farm systems value-chain approach, resulting in a range of innovations.** READ integrated community empowerment and agricultural-productivity activities into one complete package of support. SOLID took this further by using a participatory approach, placing farmers and communities at the centre of the project and developing a strategy of moving beyond production improvements towards a market-linkage approach. UPLANDS and IPDMIP field informants noted that the shift from production to a full value-chain approach was unique to the region. This spanned local seedling development, best farming practices, post-harvest support and agribusiness market linkages. YESS respondents also noted a “complete package” approach, identifying and training youth, providing them with capital and access to markets, and using relevant market research unique to the region.
126. **Farmers adopted innovative techniques and skills from FFS.** READ maintained a tight focus on a few key food and income crops, addressing them with a comprehensive, well-resourced package of support covering improved genetics, farm mechanization, affordable and accessible working capital, and quality technical support. FFS and demonstration plots run by agriculture-extension workers became an everyday reality in SOLID villages. SOLID introduced new farm technologies through demonstration plots, such as agricultural machinery and equipment for cultivation of food crops, horticulture and estate crops. FFS have continued to be used by the ongoing projects to successfully increase production.
127. **Training farmers to monitor peatlands has resulted in a reduction of incidents of haze.** GEF-5/SMPEI have introduced an innovative approach for the triangulation of real-time early-warning, remote-sensing data, and field-level ground-truthing with trained farmers, which serves as real-time monitoring. This has the potential to be an agile system. The approach is innovative because it engages farmers in fire monitoring and warning systems, as yet uncommon in Indonesia. However, it is yet to be fully realized, as the data-collection process on the ground is still ambiguous. Yet, field observations have shown that training farmers to monitor peatlands using information from triangulated sources has yielded results, particularly in the reduction of incidents of haze.
128. **Despite an early innovation of a strong private-public partnership initiated in READ, there is little evidence of sustained market linkages to farmers.** The partnership READ facilitated with Mars provided a model of farmer technical services that complemented the existing government-extension system, with potential for making the service-delivery model more sustainable. Field interviews indicate that IFAD acted as a connector between Mars and the Government; prior to that, there was prejudice against partnering with the private sector. IFAD successfully

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<sup>58</sup> [https://www.wipo.int/edocs/pubdocs/en/wipo\\_pub\\_gii\\_2020/id.pdf](https://www.wipo.int/edocs/pubdocs/en/wipo_pub_gii_2020/id.pdf).

brought together the private sector and the Government in a trust-based relationship. This partnership has been strengthened and widened in READSI. VDP forged direct, informal marketing linkages with supermarkets, which was a first in Papua. SOLID introduced community, agriculture production and market-linkage activities, despite being set in a fractured village environment in Maluku. CCDP initiated corporate social responsibility programmes, linking community groups with large private sector companies. The current projects have stated objectives of developing market linkages in value chains, but to date there has been little evidence of success. UPLANDS is designed to focus on public-private partnerships along the value chain through the Badan Layanan Umum Daerah, the regional public service agency, but to date it has not reported on practical progress.

129. **Successful introduction of beneficiaries contributing to the purchase of equipment that meets their priority needs.** READSI has introduced successfully to its target farmers the innovation of a 30 per cent contribution scheme for procuring agricultural equipment. Traditionally, farmers did not pay for any kind of assistance coming from the Government or development projects. Records show that farmers do provide a 30 per cent financial contribution of the total price of equipment they requested. UPLANDS also included a provision for farmers to provide 20 per cent financial contribution. Field interviews have shown that farmers show interest in contributing, if they receive the goods on time and if the goods are in line with their priority needs as seen in the Effectiveness section.
130. **Outsourcing of services at village level, which is not common in Indonesia, has been a successful innovation.** READSI outsourced key services and supply contracts, including the contracting of NGO Equator for village-facilitation services and Assessment Institute for Agricultural Technology for supplying improved rice/maize seed to the farmers group. READSI has continued with the outsourcing of key services for village facilitation and input supply. UPLANDS is adopting the use of facilitators but has contracted them as individuals.
131. **Only one project developed innovative project-management techniques to achieve positive results.** CCDP initiated a performance incentive system, rewarding high-achieving district PMUs based on progress made on key performance indicators, with additional fund allocations. This resulted in all PMUs attaining satisfactory or excellent levels of performance by the last year of project implementation. CCDP developed a comprehensive MIS that provided accessible, real-time management information related to project implementation. Inputs to the system came from project staff, Government officers and consultants hired on the project, and thousands of internal and external stakeholders reported to have accessed this information.
132. **Summary. The Effectiveness of IFAD's country strategy and programme is rated as moderately satisfactory (4).** Despite the paucity of data, the projects provided the services they planned. Interviews with beneficiaries indicated that people could recall the projects, describe the services provided and identify some benefits of participation. FFS and provision of facilitators provided valued opportunities to increase beneficiaries' participation and capacity building. However, IFAD has been slow to recognize that group formation as a means to empowerment has become increasingly questionable and irrelevant; it has been slow to introduce new and more appropriate ways of engaging beneficiaries, such as through farming households. Less progress has been made in enabling effective market linkages for farmers and fishers, as well as in connecting them to useful financial services. Progress has been made with participatory village governance, especially given that such systemic change requires substantial time and commitment. However, building on these gains risks dilution within newer projects, as key project decision making has been largely removed from village governments' remit. **Innovation is also rated moderately satisfactory (4)** since many of the projects made a conscious effort in their design and implementation to promote innovations aligned with



stakeholders' needs or challenges that they faced. However, KM and documentation of innovations to ensure scaling up is limited according to field observations.

## D. Efficiency

### Project timeliness, disbursement and implementation pace

133. **Overall, project start-up times are relatively short compared to the Asia and the Pacific Division (APR) regional averages and target, despite long effectiveness lags in READ and IPDMIP.** The average time in the CSPE portfolio, from approval to first disbursement, has been shorter than the APR average of 16.8 months over the same period (2004-2021), as indicated in table 6. Moreover, the average lag from approval to first disbursement in the ongoing projects (8.4 months) is notably shorter than the current APR average (12.5 months) and the APR target of 12 months. The average effectiveness lag of the CSPE portfolio of 9.7 months is longer than the APR average (6.9 months), due to long lags in READ and IPDMIP. The initial design of READ was less detailed due to the tight deadlines imposed by IFAD. After Executive Board approval, it took 48 months to enter into force, because the Government changed its policy for on-lending to local governments. READ was subsequently redesigned to comply with this change and to provide more detail. IPDMIP took 14 months to enter into force, due to ADB financing taking longer to finalize and complications of working with several implementing ministries.

Table 6

**Time in months between IFAD Executive Board approval and first disbursement**

|                                    | <i>Approval to effectiveness</i> | <i>Effectiveness to 1st disbursement</i> | <i>Approval to 1st disbursement</i> |
|------------------------------------|----------------------------------|--|-------------------------------------|
| <i>Indonesia portfolio average</i> | 9.7                              | 4.7                                      | 14.3                                |
| <i>APR regional average*</i>       | 6.9                              | 9.9                                      | 16.8                                |

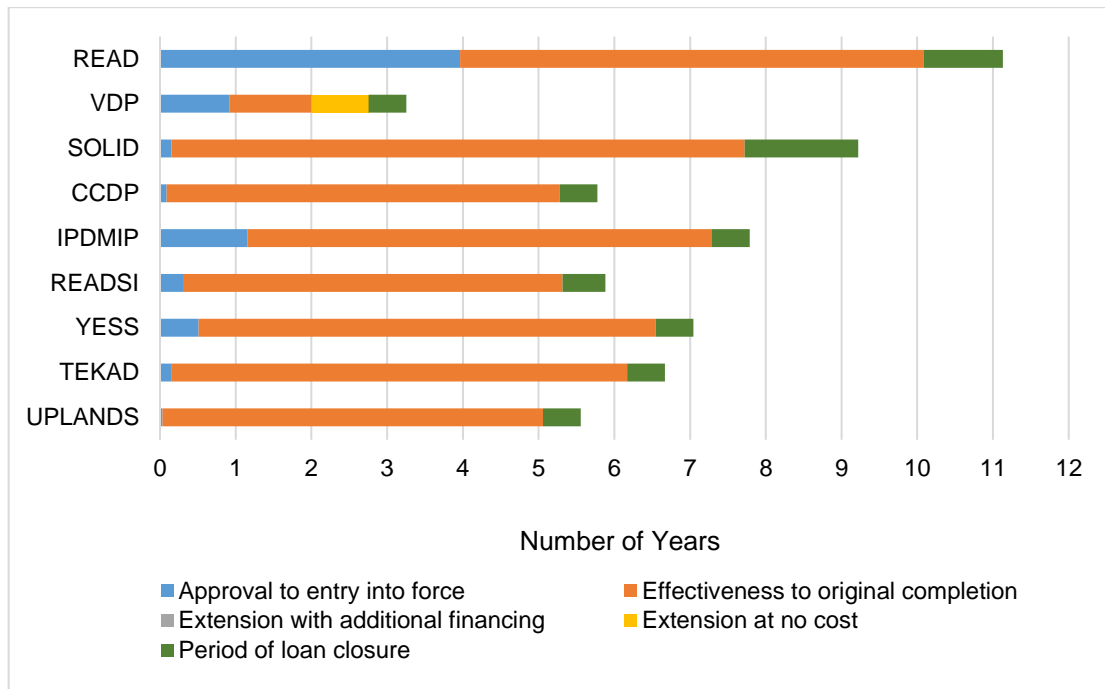
\* Average for projects approved between 2004 and 2021.

Source: Analysis of data from Oracle Business Intelligence. Detailed table in annex VIII.

134. **The CSPE portfolio mainly consists of projects with a medium duration of five to six years, within which the closed projects were completed, although both READ and SOLID took over a year to close.** The closed projects READ, SOLID and CCDP were implemented within the expected timescales, from 5.2 years (CCDP) to 7.6 years (SOLID), without requiring extensions, as indicated in figure 2. However, both READ and SOLID took over one year to close, due to initially slow disbursement rates and allowing for full loan disbursement. VDP is the exception among the projects lasting just under two years, due to its pilot nature, use of the remaining funds left over from PNPM-Agriculture, and both Government and IFAD regulations.<sup>59</sup> To date, it is also the only project with an extension to the completion date. IFAD approved the no-cost extension because of the short duration of implementation, and the 11-month delay at the beginning.
135. **In contrast, it is doubtful that all the ongoing projects will be completed within the expected timescales.** IPDMIP, READSI, YESS, UPLANDS and TEKAD were designed to last from five to six years, but significant implementation delays caused by various factors in addition to the COVID-19 pandemic make it less likely that this will be achieved (see paras. 139 to 142).

<sup>59</sup> Government regulation means project implementation cannot extend past the beginning of loan repayment; IFAD rule means that project extensions are only allowed for up to two years.

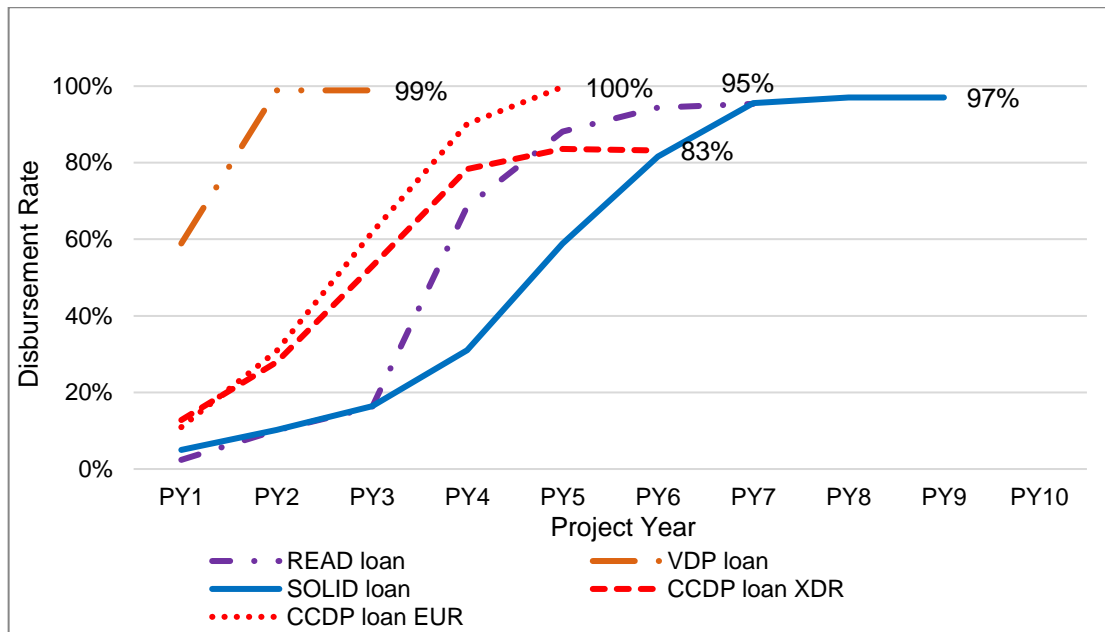
Figure 2  
**Project timelines in years (approval to closing)**



Source: Operational Results Management System (ORMS) & Oracle Business Intelligence.

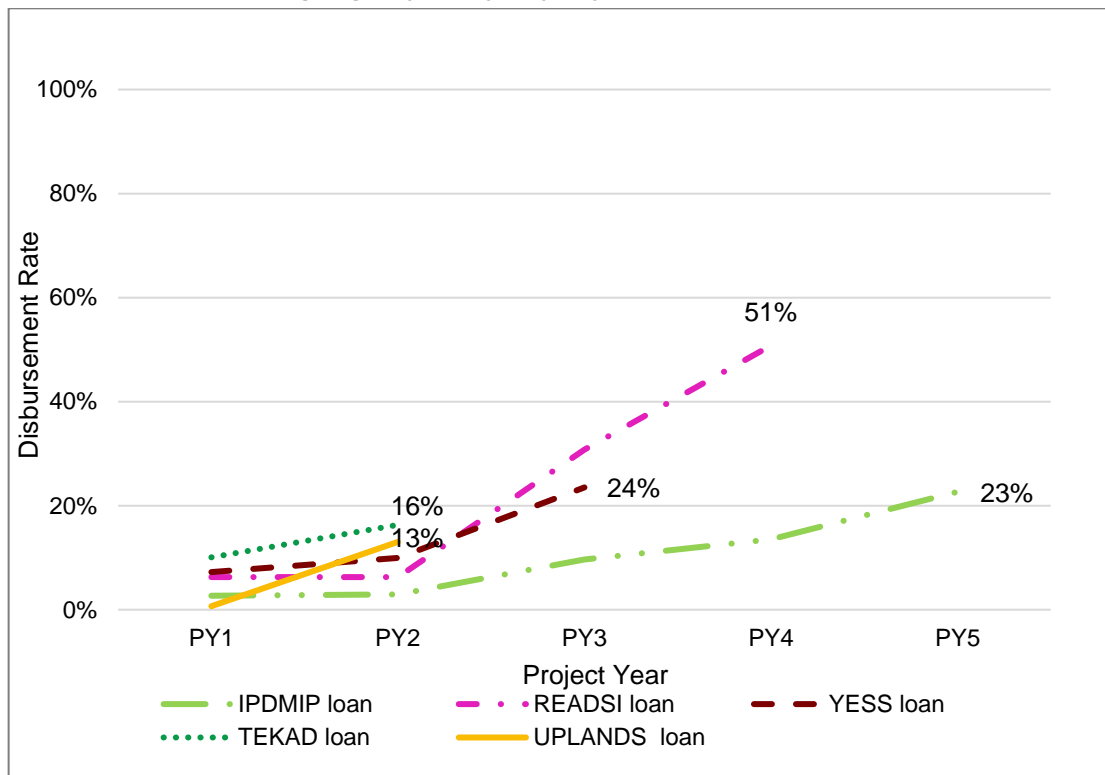
136. **Disbursement rates were low for seven out of the nine projects during the early years.** Figures 3 and 4 show that all the projects except CCDP and VDP had low disbursement rates in years 1 and 2, averaging 4.9 per cent and 9.8 per cent, respectively. This was due to: (i) in-country processes that had to be completed prior to accessing IFAD funds; (ii) slow allocation of full-time staff to all the positions in the PPIU at all administrative levels; and (iii) slow procurement of consultants and inputs. In addition, IPDMIP, READSI and UPLANDS used the new on-granting mechanism, which took time to implement (see box 5). Although the mechanism is now working better, there have still been instances of some districts not being reimbursed the agreed funds or of very late reimbursements, which paused or stopped project activities. Due to an additional step in the on-granting mechanism within the MoPWH – which implements IPDMIP – there continue to be delays of up to six months compared to UPLANDS, where the reimbursement period is down to three weeks. At the end of year 2, the disbursement rates were only 13 per cent in UPLANDS, 16 per cent in TEKAD and 10 per cent in YESS, due to the aforementioned reasons plus the challenges stemming from COVID-19.

Figure 3  
**Disbursement rates of closed projects by project year**



Source: Oracle Business Intelligence (as of 01 December 2021).

Figure 4  
**Disbursement rates of ongoing projects by project year**



Source: Oracle Business Intelligence (as of 31 December 2021).

Box 5

**On-granting mechanism to transfer funds from national to subnational level**

DAK (*Dana Alokasi Khusus*) is a fiscal-transfer scheme to move government funds from the State National Budget to subnational level; it operates well. In 2018, the Government of Indonesia introduced a similar fiscal-transfer scheme known as *Penerus Hibahan/On-granting mechanism*, as a key part of the decentralization policy for loan projects. It applied it immediately to IPDMIP, READSI and UPLANDS. This mechanism entails local government committing to pre-finance activities, which will later be reimbursed by MoF, given sufficient proof and verification of activities have been provided. The verification process involves multilayered steps from district to provincial level, with proof and verification details later forwarded to the PMU/MoA at the national level. During the initial implementation of the on-granting mechanism, the three projects were struggling due to inadequate resources and capacity at subnational level. This was eventually addressed by additional training and hiring of dedicated on-granting specialists in provincial and district governments. The MoF also has strengthened its capacity for faster reimbursements.

137. **The MTR process was pivotal in improving disbursement rates in READ and SOLID.** As explained in the Relevance section, the MTRs of READ and SOLID simplified and narrowed the focus of the earlier project designs, making project implementation more manageable. As a result, project disbursement rates increased and the loans were fully disbursed by the completion dates. In notable contrast, the faster disbursement rates throughout the lifetime of CCDP were the result of good project management: see box 6 below.

Box 6

**Case study of efficient project management delivering effective outcomes**

Enthusiastic MMAF staff managed set-up activities for CCDP, taking under five months from approval to first disbursement. MMAF engaged a full-time programme coordinator for the duration of CCDP, who established high standards of project management involving: staff-performance assessments; a transparent, simple M&E system using mobile apps and ongoing results communication on the CCDP website; incentivizing 12 district PMUs through allocation of additional funds on the basis of performance; close monitoring of output-delivery schedules; and attraction and retention of a high calibre of consultants based on paying realistic rates. The PMU established ownership and awareness of targets and timeframes with all partners and beneficiaries. It took a phased approach to implementation, starting with a few to eventually a larger number of project villages. It also used direct fund allocation to communities and local-level procurement.

138. **Overall, the final disbursement rate for all the closed projects was 96 per cent, thus realizing a satisfactory rate of absorption of loan funds.** Although the final disbursement rate of the IFAD loan in CCDP was low at 83 per cent, the evaluation acknowledges that the project largely achieved the expected outcomes and impact. In addition, CCDP fully disbursed 100 per cent of the other loan through IFAD, from the Spanish Food Security Cofinancing Facility Trust Fund.
139. **The COVID-19 pandemic is constraining the timely implementation of all five ongoing projects.** With project support to use the on-granting mechanism, the disbursement rates in IPDMIP and READSI improved in year 3, only to stall again due to the challenges of operating in a COVID-19 environment. Annual disbursement figures for IPDMIP clearly show a slowing down in 2020 and 2021, particularly by district project implementation units, due to COVID-19. The Government has introduced a number of measures, to address the COVID-19 pandemic, that have affected all ongoing projects. These include: (i) funds being diverted away from project activities, and in particular from the on-granting mechanism, to fighting the pandemic; (ii) travel restrictions that constrain movement to and within the project areas and necessitate use of personnel from each locality; (iii) ongoing social

distancing that reduces the number of personnel allowed at training sessions and meetings than originally planned; and (iv) office lockdowns.

140. **IPDMIP continues to suffer from low disbursement rates and is classified as a potential problem project.** Other factors slowing down implementation include a lack of commitment and collaboration between implementing ministries, and different degrees of commitment to allocating regional budgets.
141. **Delays in procurement in ongoing and closed projects have also contributed to lower rates of disbursement.** Delays stem from slow initiation of the procurement process, low capacity of the procurement staff and lack of procurement monitoring and support at all levels. The slow contracting of NGOs to take responsibility as village facilitators negatively influenced implementation of READ and READSI. Implementation of IPDMIP, was delayed as the procurement process to get the regional management consultants took 24 months to launch and more than 18 months to complete.
142. **Use of part-time staff, frequent changes in project personnel and poor ownership by ministries have also delayed start-up and implementation.** Project-management issues are a recurring theme across the portfolio, particularly early on in both IPDMIP and SMPEI. In general, lack of ownership by some ministries has resulted in weak and understaffed PMUs. Frequently, the senior staff particularly during start-up are part-time and have departmental duties that constrain their inputs to the project. The Government also has a policy of changing staff regularly, which adversely affects continuity and institutional memory within the projects. To address constraints with availability of staff, the Government contracts consultants to undertake project-management activities, but their procurement can be delayed as was the case in IPDMIP and SMPEI.

#### **Project-management costs**

143. **Project-management cost ratios of closed projects are relatively high compared to the 15 per cent suggested by IFAD's Financial Management Services Division and the APR average at approval of 9 per cent; but they are mainly in line with their own design estimates, which reflect the costly nature of managing projects in Indonesia.** Project-management cost ratios at completion ranged from 17 per cent in CCDP to 22.5 per cent in VDP (see table 8). As mentioned above, the project management of CCDP was considered exemplary by partners and key informants interviewed. The cost ratio of 17 per cent is therefore reasonable, given the performance of the project as well as the scattered geographic coverage and the decentralized set-up of PMUs at central, provincial and district level. The latter two points are also relevant for the other projects in the country. In IPDMIP, the CSPE national team have been unable to visit all 74 districts due to internal-management regulations. Nevertheless, as explained above, there were and continue to be inefficiencies in project management which add unnecessary costs. The CSPE revealed sometimes excessive travel plans for questionable events and field trips. The PPE of VDP also points out that administration costs might be higher than the 22.5 per cent that VDP incurred, with incremental administration costs being absorbed by other funds available to village governments.
144. **Inappropriate selection of service providers to undertake activities reduces effectiveness.** MoA has commissioned universities and other academic institutions to undertake value-chain studies, but they frequently lack practical experience to know how to link to the market. As a result, there is little evidence of how these reports are used practically by the projects that commission them. These studies do not appear to give value for money in their content and use.

#### **Economic efficiency**

145. **Cost-benefit analyses of closed projects show positive economic returns close to design estimates, when available, but there are some**

**inconsistencies in the data.** SOLID is the exception to the rule, with a markedly higher economic rate of return (ERR) at completion of 41 per cent; but this high value is questionable given the reliability of the impact results (mentioned below). The ERRs at completion were mainly achieved by: READ increasing the yields of cacao and rice; SOLID increasing cropping areas and productivity; and CCDP increasing the productivity of fishing, aquaculture, processing and marketing groups. VDP had the lowest ERR, ranging from 12 to 19 per cent. However, the calculation was made on the assumption that all the project groups received the “requisite support”, while the PPE found that most of the groups received one-off training or inputs. The ERR data for VDP is questionable and it is not clear how attributable project interventions were, particularly for longer-growing crops like cacao, in less than two years of implementation. Although READ did not calculate the ERR at design, it did not have a major implication because of the change of focus at MTR from rural infrastructure to promoting commercial agriculture. This change was justified as cacao and rice gave an ERR of 41 and 35 per cent respectively. The assumptions made by CCDP, and models developed, are based on: the data from interviews with beneficiaries during completion mission; the M&E system; the Results Impact Management System (RIMS); the annual outcome survey; the national census; and international sources on Indonesia. READ and SOLID used reasonable assumptions but had less reliable data available.

146. **The ERRs for IPDMIP and READSI at design are achievable, based on reasonable assumptions.** Assumptions made by IPDMIP are reasonable, except that all water users in a scheme will have equal access to water and therefore increase production the same. In addition, if the project was delayed by two years or more, this would affect results adversely. Field interviews confirmed that the irrigation has not yet resulted in equal access to water, and is unlikely to unless IPDMIP intervenes on tertiary canals and speeds up implementation. The farm models were based on rice; usually with irrigation schemes, consideration is also given to high-value crops. The IPDMIP MTR showed increased yields of rice due to new production inputs and techniques, without improved irrigation suggesting that the design ERR may be achieved. The READSI ERR are achievable, as inputs and outputs in the models are based on actual figures achieved by READ and lower than the final ERR reported.
147. **The three newest projects at design have more ambitious ERR, and the assumptions are questionable as to whether these can be achieved on a large scale.** The assumptions are based on a limited number of farm/produce models. If technologies, improved disease control and post-harvest storage introduced by the projects were adopted by the beneficiaries, the ERR would be achieved. TEKAD ERR is theoretical, as villages are not selected at design, and there are assumptions regarding the number of households per village and that a certain number will take up the options calculated. Beneficiaries of TEKAD and UPLANDS will find access to markets from remote locations challenging, particularly for more perishable crops, which has not been taken into account. YESS developed 17 economic models that depend on the beneficiaries accessing finance and new financial tools. These issues highlight that if the design ERRs are to be achieved, then the three projects need to facilitate sustainable market linkages and access to finance – which to date have been the least successful aspects of projects implemented in Indonesia.

Table 7  
**ERR at design and completion**

| <i>Project</i> | <i>ERR at design (%)</i> | <i>ERR at completion (%)</i> |
|----------------|--------------------------|------------------------------|
| READ           | N/A                      | 27                           |
| VDP (ex-PNPM)  | 17-18                    | 12-19                        |
| SOLID          | 15                       | 41                           |
| CCDP           | 20.3                     | 18.4                         |
| IPDMIP         | 17                       | N/A                          |
| READSI         | 19                       | N/A                          |
| YESS           | 32.7                     | N/A                          |
| TEKAD          | 29                       | N/A                          |
| UPLANDS        | 26.4                     | N/A                          |

Source: Project design and completion reports.

N/A: Not available yet because projects are ongoing and have not reached completion/closing.

### **Cost per beneficiary**

148. **Project costs per beneficiary are relatively high, both at design and at completion, relative to the APR average, once again reflecting the high costs involved with decentralized arrangements, dispersed project areas and logistical constraints.** As a rough indication only, the average cost per beneficiary in the CSPE portfolio was US\$397 at design and US\$408 at completion, versus the APR average over the same period of US\$250 (see table 8). A case in point is CCDP. It had the highest cost per beneficiary at design (US\$545) and completion (US\$593) and yet implementation has been found by the evaluation to be efficient, with noteworthy outcomes and impact (see Effectiveness and Impact). Another important factor to bear in mind regarding CCDP was that expected and actual outreach were modest compared to the rest of the portfolio, at only 20,000 beneficiary households.

Table 8

**Project management costs and project costs per beneficiary**

| Project           | Project management cost ratio<br>(% of project total) |                    | Project cost per beneficiary<br>(US\$ per beneficiary) <sup>a</sup> |                 |                  |
|-------------------|---|--------------------|---|-----------------|------------------|
|                   | Design  | Completion         | Design  | Interim         | Completion       |
| READ              | 22%   | 19.3%              | 130   | n/a             | 293              |
| VDP               | 15.6%   | 22.5%              | 341 <sup>b</sup>  | n/a             | 297              |
| SOLID             | 24.5%   | 5.16% <sup>c</sup> | 274 <sup>d</sup>  | n/a             | 450              |
| CCDP              | 17.9%   | 17.3%              | 545 <sup>e</sup>  | n/a             | 593              |
| IPDMIP            | 21.1%   | -                  | 213   | 13 <sup>f</sup> | -                |
| READSI            | 25.1%   | -                  | 164   | 19 <sup>g</sup> | -                |
| YESS              | 12.8%   | -                  | 228   | 3 231           | -                |
| TEKAD             | 2.05%   | -                  | 378   | -               | -                |
| UPLANDS           | 16.1%   | -                  | 1 296 <sup>h</sup>  | -               | -                |
| Indonesia average | 17.5%   | 19.7% <sup>i</sup> | 397   | 1 088           | 408              |
| APR average       | 9% <sup>j</sup>                                       | -                  | -   | -               | 250 <sup>k</sup> |

<sup>a</sup> Beneficiaries in this table refers to all household members, except for YESS which refers to number of youth.

<sup>b</sup> Numbers of beneficiaries in VDP design/completion are calculated by multiplying direct outreach to households by 4.4 members per household (assumption according to the project design report). According to the Indonesia Statistics Agency, the average number of household members in Papua and West Papua is 4.4 (source: <https://www.bps.go.id/indicator/12/148/1/rata-rata-banyaknya-anggota-rumah-tangga.html>).

<sup>c</sup> Unreliable due to scant and contradictory information on actual component costs at project completion.

<sup>d</sup> Numbers of beneficiaries in SOLID design are calculated by multiplying direct outreach to households by 4.8 members per household (assumption used in the project completion report).

<sup>e</sup> Numbers of beneficiaries in CCDP design are calculated by multiplying direct outreach to households by 4 members per household (assumption according to the project completion report).

<sup>f</sup> IPDMIP interim figure refers only to IFAD loan. Data on expenditure on Irrigation component (financed by ADB) has yet to be made available. Numbers of beneficiaries in IPDMIP interim are calculated by multiplying direct outreach to households by 4.4 members per household (assumption used in the project design report).

<sup>g</sup> Numbers of beneficiaries in READSI interim are calculated by multiplying direct outreach to households by 5 members per household (assumption according to the project design report).

Sources: Project design and completion reports, PCRVs/PPE, MTR Aide Memoire 2021 for IPDMIP, and latest supervision mission reports for other ongoing projects READSI, YESS, TEKAD, UPLANDS, Oracle Business Intelligence and ARRI Database for APR Average of cost per beneficiary.

149. **Summary. The efficiency of IFAD's country strategy and programme is moderately unsatisfactory (3).** The rating recognizes that the efficiency of the CSPE portfolio was enhanced by: relatively short project start-up times, except for READ; projects completing without extensions except for VDP; and almost full absorption of loan funds by the closed projects. Project management costs and costs per beneficiary have been relatively high, yet in line with design estimates which take into account the costs of managing and implementing interventions in the Indonesian context. However, there are continuing issues with project management, particularly procurement, that lead to significant delays, adversely affecting effectiveness and impact. This results in slow disbursement rates, which have been exacerbated by COVID-19 constraints, and by the way the on-granting mechanism was introduced in full force without the requisite local capacities in place. It is therefore unlikely that any of the five ongoing projects will be completed within the planned timeframe.

## E. Rural poverty impact

150. This section examines the extent to which an intervention/country strategy has generated, or is expected to generate, significant positive or negative, intended or



unintended, higher-level effects. It includes: changes in incomes and assets; changes in social/human capital; changes in household food security and nutrition; and changes in institutions and policies. It is supposed to assess the extent to which changes have been transformational. Although transformational change is primarily intended for beneficiaries, the strong emphasis on innovation and development of new models to achieve this transformational change within the IFAD programme – based on Government demands – suggests that impact should be defined more widely and should prioritize institutional and policy change.

151. This section draws on the three impact studies implemented for three of the four closed projects, and commented on in PCRs/project completion report validations (PCRVs), as well as limited triangulation from CSPE field visits. VDP had no impact study. The evidence of impact is not only extremely limited, but the validity of findings are questionable given weak design, execution and quality assurance of impact studies. PCRVs have also resulted in downgrading ratings, based on poor evidence provision. There was a lack of technical guidance included in the terms of references (apart from sample size required), different companies were used to conduct the baseline and endlines, and most contracted companies were engineering and construction specialists.
152. There are fundamental issues with the impact data generated by projects, which are detailed in annex VII. In brief, these include: (i) lack of any impact data for VDP; (ii) inadequate care in sampling and matching comparators; (iii) inadequate consideration of seasonality in data comparisons; (iv) inadequate statistical analysis and computation techniques; and (v) lack of good-quality qualitative data for interpretative purposes and no analysis of other contributing factors. Therefore, the CSPE does not wish to endorse the claims of impact made by such studies, and its conclusions are primarily indicative and based on triangulation with limited interviews conducted.

#### **Household income and assets**

153. **Across the three closed projects where impact studies were conducted, household incomes increased over the project life.** The monthly household income among READ households, compared to non-READ households, was reported to have had increased by 76 per cent; CCDP by 68 per cent; and SOLID by 81 per cent (compared to baseline) and 7 per cent (compared to non-SOLID). However, the correlation between project inputs and household income is not explicit. It is well documented that farming over the evaluation period was dominated by farmers over 45 years old, and studies indicate that such families with working-age children often have multiple sources of income, including remittances. In order to understand the contribution that the projects made to household income, only income generated through agriculture/fisheries and sale of agricultural products was relevant and should have been collected. Indications are that yields have increased as a result of better seeds, farming practices and irrigation. Fish catches increased due to improved practices and better equipment. Without clarity on the sale prices and costs of production, assumptions cannot be made as to the contribution the increases made to household income. Furthermore, as noted in effectiveness, official yield data is reported from demonstration plots and cannot be extrapolated to ordinary beneficiaries.
154. **Field interviews did find evidence of beneficiaries' self-reporting increased incomes.** Several farmers shared that better production techniques and improved market access had directly impacted their income. These anecdotes carry some weight, given: this information was provided with minimal sponsor-bias; the time lapse since the end of the project; and the lack of expectation of continuing benefits. Field interviews for SOLID indicated that some groups had increased incomes from value-added interventions. For example, in West Seram, farmers talked about the importance of repackaging kayuput oil for end-consumers rather than selling in bulk as they had done previously. They also discussed increased incomes from the

production of peanut butter, virgin coconut oil and maize for animal feed, though no actual monetary figures were put to these improvements. Former READ beneficiaries indicated that the most significant change was the new access roads (approximately 2.2 km in total over three roads), which continue to enable all-season access for large trucks and motorbikes and help farmers to carry more cacao to the drying facilities in less time than before, when they had to use animal transport. There is no metric included in the impact studies that relates to time savings, which often have opportunity cost implications.

155. **The CCDP real-time productivity record books managed by fishing and processing groups provided evidence of increasing trends in catch sizes, processing activities and associated profits.** Primarily of use for the groups themselves, the metrics recorded are considered highly valid because there was no associated benefit to misreporting. This data has no before-project or “control” comparisons, but the overall trends indicated incremental income improvements. This dataset is a model for how impact data could be collected in other projects. It is intrinsically useful for beneficiaries themselves; however, better means to collate and analyse this real-time data would have elevated its usefulness as an impact-assessment tool.
156. **All three projects where impact studies were carried out claimed increased access to assets without attribution.** For example, access to electricity is a prerequisite for accumulation of electrical goods; however, the READ impact study shows that non-READ households had less electrical goods and failed to note that electrification was less common in these villages. Taking all those villages yet to access electricity out of the sample would have shown that there was no difference in electrical goods ownership. Similarly, mobile phone ownership in a country that has the highest mobile phone penetration figures in the world, and with access to extremely cheap phones, is circumscribed only by the absence of mobile network connectivity. It would have been informative if the studies had identified assets that were provided by the project (e.g. agricultural equipment, processing equipment etc.). Ownership of pest sprayers, hoes, sickles, water pumps and tillers among READ and SOLID beneficiaries may reflect handouts and the use of rotating funds, rather than transformational change accruing from better livelihoods. Similarly, there is an increase in fridge ownership by CCDP beneficiaries when baseline and endline are compared. It is not clear if they were provided with fridges or if incomes increased to buy them. A further overlooked factor is households’ increasing access to opportunities to purchase goods on credit. Without any understanding of the remoteness of the control villages, it is hard to confirm whether increases in these assets are due to the project or whether intervention villages were more accessible by sales representatives and more likely to use the goods bought on credit.

#### **Human and social capital<sup>62</sup>**

157. **Data for assessing impact on human capital is very weak and challenges making conclusions about impact.** Empowerment has been claimed but the only evidence provided derives from assumptions from effectiveness measures of inputs, like provision of training/extension, and self-reported perception studies. Thus, ratings have been recorded as satisfactory but have been based on the assumption that access to information and advice is de facto “building capacities of poor women and men”.
158. **Farmers felt that FFS had more impact on knowledge acquisition than previous extension approaches.** Field interviews suggest that FFS had more impact on willingness to accept new knowledge, adopt technologies and improve production practices than the previous means to impart knowledge. Many farmers

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<sup>62</sup> The impact on human capital should assess the attitude, knowledge and behaviour changes directly attributable to the project and improved access to social benefits, such as health and education accruing from participation in the project; however, no data of this kind were available.

interviewed in the course of this CSPE cited acquisition of new knowledge which was valued; they also liked that they themselves tested out the ideas on jointly managed demonstration plots, so that “we can prove for ourselves it works”. There was no systematic study to confirm this correlation.

159. **Claims of enhanced access to children’s education are weak.** The READ impact study noted that READ households borrowed less for education costs. Considering READ households had access to rotating savings and credit associations with clear project-provided restrictions on use, these data cannot be trusted. Any borrowing from the project rotating savings and credit association for education purposes will inevitably be under-reported. Furthermore, there are no data to indicate if the supply-side school provision changed during this period. If comparators were poorly matched, it is possible that non-READ communities had higher transport costs for school. READ operated during a period when school-based stipends were provided, and considering the way these were managed before the issue of social assistance cards, students from the direct catchment area would more likely have benefited. SOLID measured its impact on improved access to education by comparing education expenditure between SOLID and non-SOLID households. The sample number is small (155 SOLID respondents and 54 non-SOLID respondents) and the education expense difference was only IDR 29,000 higher for SOLID, yet it was reported as a “very good achievement”. CCDP did not assess its impact on education.
160. **There is no compelling evidence that either bonding or bridging social capital was built by projects.** Social bonds within communities are already strong and, where people perceive comparative advantage, they work as groups. Interviews with past CCDP staff indicate that the only enterprise and fishing groups continuing beyond the project were those that were formed before; they were therefore based on people’s own motivation and interest to work collaboratively. Those NRM groups that actually continued beyond the CCDP project also were formed earlier by the MMAF as ‘neighbourhood watch’ groups, tasked with monitoring illegal practices such as use of explosives and illegal nets. These groups assumed status in the community and were already undertaking a valued role. The VDP PPE pointed out that sometimes people had no knowledge that they were actually assigned to a group. However, the VDP PPE also established that some groups (e.g. sea cucumber-cultivation groups) had benefited from VDP promotional efforts, enjoyed national recognition and been visited by academics, thereby building bridging social capital. Similar stories were shared from other projects, but there is no systematic data collected or tracer studies to document these impacts.
161. **There is little evidence that increased social capital enabled increased voice.** Perception-study data suggested that beneficiaries got “what they wanted”, but there is no evidence that this was due to being better able to voice these demands. There is a strong social norm to be grateful for anything given, even if it does not meet priorities. Furthermore, in more recent projects (e.g. UPLANDS), where farmers have tried to voice their needs through extension officers, they have been blocked at district level as “not being available”.

#### **Household food security and nutrition**

162. **Claims of impact on malnutrition are weak,** and are not put in the context of wider government priorities and trends. Food insecurity has been better managed over the period under review, including the gradual national roll-out of targeted social assistance through provision of subsidized rice *Beras Miskin* (RASKIN) and later *Beras untuk Keluarga Sejahtera* (RASTRA), making traditional measures of “hungry months” invalid in most parts of Indonesia. Validity of the data is seasonally influenced, and since SOLID and CCDP primarily compared baseline and endline data, any comments on the project’s contribution to food security are invalid. More recently, the Government and others have commissioned studies to examine the validity of local nutrition statistics, and have found serious errors in measurement

and recording of data. Both READ and SOLID relied on such secondary data, with the latter claiming a reduction in stunting from 61 to 6 per cent between 2012 and 2018, as the result of the project.<sup>63</sup> Only the CCDP impact study carried out primary-data collection through a limited sample of height/weight measurements. It concluded without any evidence that the project had contributed to increased fish consumption and purchase of more nutritious food. Given the tenuous link between increased income and diet diversity in the Indonesian context, unless diet diversity is measured, no conclusions can be made.

163. **Mistaken assumptions have been made around the logic of delivery of inputs leading to food security and nutrition.** Statements of intent are reiterated in PCRs as having taken place, but without sufficient evidence to back these claims. SOLID noted that 90 per cent of participants of SHGs reported productivity increases but provided no evidence of the extent of these, nor what survey respondents felt they were actually answering in this question. It recorded yields four times those recorded by non-SOLID households, in crops such as peanuts, maize and vegetables; but the productivity measurement itself is questionable, as it reported yield increases per household instead of per land size. SOLID PCR also made statements such as “despite having to buy, SOLID beneficiary members have a high purchasing power to buy fish as a result of increased income”, without furnishing any evidence. Recording of enhanced rice consumption as an indicator of improved nutrition was inherently flawed in eastern Indonesia, where staples such as sago, cassava, sweet potato and taro are traditional and, in some cases, more nutritious than rice.

#### **Institutions and policies**

164. **There is very little documented on changes within institutions or policy dialogue and influence.** Given that the modernization and upgrading of institutions, and the development of contemporary policy based on field and global experience, is the most important value that Government gives to IFAD’s loans, this is a serious weakness. Key elements of institutional change have no metrics by which to establish achievement included in the logframes or M&E frameworks. Impact is often described only in terms of policy studies produced. Under the READ programme, the grant-supported Center for International Cooperation within MoA conducted six studies; four of them were completed. CCDP produced a large number of policy briefs; circumstantial evidence from interviews suggests that these continue to influence the successive COREMAP programmes. In terms of NRM, IFAD projects and GEF grants have made a significant contribution to national policy, as elaborated under ENRM and CCA (para. 196).
165. **IFAD has had some influence on the mindsets and policymaking of the Government.** The CSPE notes that some changes at this level have taken long periods of time, and the consolidated efforts of successive projects endorsed and promoted them. It is important, therefore, to recognize that limiting assessment to individual project timelines undervalues some of the important impacts IFAD has achieved. As noted in the Relevance section, IFAD had been persistent in its support for the Government’s decentralization agenda, and much learning from PNPM, PIDRA and VDP, for example, has influenced its policy. Interviews concur that many elements of the Village Law (2014) draw on the important pilots implemented within these and other IFAD projects. Other examples of mindset and practice changes attributed to IFAD projects highlighted in CSPE interviews include: (i) the value of combining livelihoods with coastal management; (ii) improved livelihood practices in peatlands; (iii) active and participatory FFS; and (iv) highlighting the potential for investment of eastern Indonesia.

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<sup>63</sup> READ failed to notice that underweight figures showed vastly different spread across the three levels of malnutrition compared with national data. The SOLID impact assessment claimed a reduction in stunting but failed to recognize the paucity of the secondary data, the contribution of other nutrition programmes and that the project was operating in a post-conflict area.

166. **Summary. Rural impact is rated moderately unsatisfactory (3).** The programme fails to provide credible evidence for rural impact. Farmers themselves noted increased incomes and knowledge, but there is no indication that asset accumulation, access to school education, improved nutrition or enhancement of social capital have accrued from programme interventions. While improvements to village governance – and particularly participatory practices as well as policy – provide an enabling environment for rural transformation, these are means to ends, not ends in themselves.

## **F. Gender equality and women’s empowerment**

167. **The Government of Indonesia’s lack of emphasis on GEWE is a constraint to achieving outcomes in this area.** While the Government’s RPJMN (2015-2019) identifies gender as a cross-cutting theme, interviews suggest that there is little demand for IFAD to promote GEWE beyond ensuring women's participation. A commonly shared view is that Indonesian women are already relatively empowered because they: (i) have high levels of education; (ii) participate in high numbers in the workplace and political space; (iii) typically control day-to-day household finances; (iv) are key participants in agriculture production and marketing; (v) have equal rights in law, and access to land and inheritance;<sup>64,65</sup> and (vii) are able to take loans from banks themselves.
168. The Ministry of Women Empowerment and Child Protection has not taken a lead in understanding and addressing the root causes of gender inequality. Although PNPM (2007-2014), to which IFAD contributed, was a significant first in promoting gender-affirmative action and contributed to the promotion of women in decision-making, entrepreneurship and leadership, Government programmes generally address gender issues through quotas that risk being only symbolic. With decentralization, local governments can and do introduce local regulations and reinforce local traditions that can constrain the achievement of GEWE objectives. Interviews indicated that rising conservatism in some areas, for example, may become an increasing challenge.
169. **COSOP (2016) makes women an intentional target group but it is weak in explaining pathways to empowerment.** The frequently used phrase “gender-sensitive approaches” is not unpacked, nor is COSOP’s assertion that past project interventions were transformative. It makes the assumption that “women-headed households” are marginalized and vulnerable, while some contemporary studies have pointed out that these households have relatively high savings and food security.<sup>66</sup> Given that 20 per cent of farming households across Indonesia are female-headed,<sup>67</sup> while many more are functionally female-headed due to high levels of male rural-urban migration for work, strategies focusing on provision of separate interventions rather than supporting empowerment of these women per se are not appropriate.
170. **Project gender strategies were not improved after design as planned, lacked contextual understanding, and centred on meeting targets for women’s participation rather than their empowerment.** Project designs note that fully articulated strategies were to be developed in year 1, but interviews indicated that this did not happen. The gender strategies do not show sufficient appreciation of the Indonesian context, nor do they adequately take into account regional or cultural differences.<sup>68</sup> There were no formative studies commissioned to provide a deeper understanding of prevailing issues. This lack of context specificity in gender

<sup>64</sup> Especially after the implementation of the Marriage Law.

<sup>65</sup> Especially in Java, although different customary laws continue to differentiate inheritance and land ownership between men and women.

<sup>66</sup> For example: MAMPU Baseline Study, 2014; People’s Perspectives of Poverty, 2015, EDG in collaboration with TNP2K (notes that predictors of poverty are: (i) insecure livelihoods; (ii) minority status; and (iii) temporary/floating residence. Includes those in caring roles but does not identify women-headed households as de facto poorest).

<sup>67</sup> FAO country factsheet on small family farms, 2019.

<sup>68</sup> For example, Aceh, Maluku and Papua have particular characteristics that constrain women’s work, and there are many other differences circumscribed by adat (customary) tradition and social norms across the country.

strategies has limited the country programme's performance towards GEWE. Appendix 4 in the READSI project design report does put forward contextualized technical measures, but little is incorporated into the main design. Although the gender strategies in ongoing projects (IPDMIP and READSI) put more attention on promoting women's empowerment, rather than just participation, they did not attempt to address the underlying causes of gender inequality. TEKAD's intention to adopt a household approach in Papua is more promising. Given the time and resource-intensive nature of the household approach, a similar intention in READSI (from 2020 supervision mission) comes too late.

171. **Implementing staff largely view GEWE in terms of the fulfilment of quotas.** Interviews with project staff confirm that gender mainstreaming is understood in terms of women's participation. Although quotas can be effective up to a point, they can also privilege numbers over the usefulness and quality of women's participation. Field interviews found that women sometimes attend training and meetings, or open bank accounts, due to pressure from project staff rather than because they see a benefit. This can add to women's burden. Too much focus on quotas has inhibited prioritizing those situations where real value can result from women's participation.<sup>69</sup> It also ignores the agency of women who choose not to participate (and therefore demonstrate a high level of empowerment). The low participation of women in WUA executives (12-14 per cent) and in construction groups (15 per cent) in IPDMIP (MTR 2012) may partly reflect a choice not to participate.
172. **Women's participation targets were met in the closed projects and are partially achieved in the ongoing projects that have reached midterm.** The basis for selecting targets is not explained in any project design and arbitrarily switches between 30 and 50 per cent. When available, monitoring data suggest that irrespective of the target size, these targets were largely achieved by early projects (SOLID, CCDP). SOLID also demonstrated success in meeting its 30 per cent target of women in leadership positions in farmer and federation groups. The rate of women's participation varied greatly in different CCDP interventions; it depended on whether they were relevant to existing divisions of labour,<sup>70</sup> but targets were largely met. In READSI, women currently make up only 34 per cent compared to the target of 50 per cent, but represent close to 50 per cent in groups formed around produce – where women are traditionally prominent (vegetables, fruit and livestock). Although improving, women's rate of participation in IPDMIP (23 per cent) is still shy of the target (30 per cent). Supervision advice to increase women-only farmer groups would help to reach the target but would not address the root of the problem. Field interviews and observations also suggest that there has been double counting of women beneficiaries and that participant lists can be manipulated.
173. **Evidence that indicates women's improved access to resources and services is limited.** When data are gathered by projects which demonstrate access to services such as extension, training and financial services, it is reduced to numbers only and not critically examined. IPDMIP baseline study shows no difference in access to agricultural-extension services between men and women. The SOLID PCR and impact study assert that: "SOLID has facilitated major advances in gender relations to the point where a person's gender now has greatly reduced impact on the community, farming and business relations that a person may engage," but does not provide evidence of the project's contribution. The VDP PCR reported that women's groups were "very dynamic and among the groups that carried out activities such as marketing...(and)...food processing", but the PPE did not find any supporting evidence. Although the YESS project design identified that fewer

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<sup>69</sup> For example, a supervision mission for CCDP noted that clearly differentiated gender roles in fisheries and women's participation quotas did not take full cognizance of this. There was a need for clearer metrics reflecting better definition of the roles of women, including hidden conservation activities undertaken by women (CCDP Gender Report 2015).

<sup>70</sup> For example, women made of 80 per cent in processing groups versus 6 per cent in fishing groups (CCDP PCR 2018).

young women (about one in five) had aspirations to be entrepreneurs than young men, field interviews suggest that the project has not understood the reasons behind this nor tackled the barriers they face.<sup>71</sup>

174. Furthermore, some interviewees question the assumption that forming women's groups and providing them with inputs, technical training and some assistance with market linkages inevitably results in income generation. Field interviews with former women beneficiaries confirmed that the intervention was on the project's terms; they had "gone along with it" in the hope it might create some benefits but ultimately it had "just taken up our time". Even CCDP, often cited as being the most successful project, received similar criticism.
175. **Women's groups in early projects built on the tradition of *arisan* saving schemes and, with increased support in bookkeeping and tracking savings, may have contributed to economic empowerment.** These groups have been supported in opening bank accounts; however, there is no data to indicate the significance of this nor the active use of the bank accounts except as a conduit to receive project funds (for example, seed money in READ). The CCDP impact study showed no effect on women's control over household savings, which was considered high at 60 per cent. No empowerment outcome should be deduced from women's group savings that were mandated by the project. VDP was supposed to report on women's savings and access to credit, but there was no data available. Better indicators of empowerment related to how loans and savings are used by women (for productive purposes rather than to service debt or fulfil social obligations) have not been collected by any project.
176. **Changes in women's voice and influence have not been well measured, and field visits suggest that the general lack of a context-specific approach inhibited progress.** Like women's economic empowerment, measurements of increased voice and influence use numbers of women in leadership positions and different groups, and weak perception questions around decision-making, in surveys. The numbers do not reflect the actual level of agency that women have. For example, the PCR for CCDP states that women's influence was strengthened; but this is only supported by women constituting 33 per cent of the village working-group members and project priorities reflecting the priorities of women respondents (annual outcome survey 2017). READ's impact study reported that women's participation in *musrenbang* (annual village planning meetings) is "quite evident" but this statement is not backed up. It also noted that women played a similar role in household decision-making (including those related to planning and investing in farming) as their husbands but found no difference among the comparison households. SOLID's impact study also noted that men and women generally made household decisions together before the project, and had the same "authority to make decisions" in federations and business concerns.
177. **The country programme pays minimal attention to reducing women's workloads yet it is a highly relevant issue in rural Indonesia.** Projects insufficiently take into account the increased/changed workload/burden that participation in projects may cause, and risk reinforcing women's traditional roles (cheap, reliable labour). None of the projects has undertaken studies to look into the triple burden women face (productive, reproductive and community roles), with a view to assessing the impact of the project on these. READ somewhat simplistically

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<sup>71</sup> Interviews with young male and female beneficiaries indicated that young women were less confident in training and felt that they were less able to prove worthy of investments than their male counterparts. They felt their enterprise proposals were less substantial, they were less able to demonstrate previous track record and less able to identify assets to support their financial status. Field interviews also found that the application for the competitive funds was perceived to promote production over agroprocessing, which was felt to favour traditional male roles. This helps to explain why only 17 per cent of potential beneficiaries identified were women (2020 supervision report).

stated that, given the number of reported hours per day spent on agricultural activities was similar for men and women, there was “no need to improve the working hours of women”. READ also stated that hours devoted to childcare by women were equivalent to the hours men spent looking for extra work outside their farming activities. There is a strong norm across Indonesia for women with children under two years of age not to work in the fields, in order to reduce their work burden. Yet these women have been expected to participate in homestead-gardening activities that may theoretically have potential, but are actually adding to the burden that traditional social norms try to prevent. Projects are not using the corporate-recommended *women’s empowerment in agriculture* indicators related to workload: (i) allocation of time to productive and domestic tasks; and (ii) satisfaction with the available time for leisure activities.

178. **There is insufficient project evidence to support claims that forming women homestead-garden groups improved nutrition outcomes.** Before nutrition became a mainstreaming theme in IFAD projects, READ design aimed to create a positive impact on women, particularly in terms of improved household nutrition and food security. A major component on homestead vegetable gardening led to the formation of 282 women’s groups and the provision of inputs and training. Although the PCR reports that women’s participation resulted in improved family nutrition and food security and household income, this is not supported by project evidence. Frequent mention is made of links between women’s empowerment and nutrition outcomes in other projects that do not have specific components on this.<sup>72</sup>
179. **There was no evidence that any project except YESS examined the roles of boys and men when designing interventions aimed at inclusion.** This is a weakness, given the situation which prevails in much of Indonesia where men/boys often have less education and are often significantly underemployed in rural areas. It is also worthwhile considering that since women have assumed control over household finance for many generations, financial-literacy training may actually need to be directed to men and boys. The virtues of the family approach to financial literacy promoted under IPDMIP (noted in the 2021 MTR) imply a means to enhance inclusion of women, when such an approach actually has the advantage of including men (and other members of the household).
180. **Weak capacities among implementing staff and contractors limited the understanding, promotion and impact assessment of GEWE.** Projects made an effort to meet gender quotas among implementing staff that were articulated in design, but there was little follow-up in terms of recording achievements, analysis of trends and review of missed targets. Despite the requirement for gender training for all project staff, evidence shows that this does not always happen and that competence levels can remain quite low. Conclusions made in impact surveys were weak and reinforced widely held assumptions that there is nothing to fix in terms of gender in Indonesia. Both local gender specialists and companies undertaking these surveys were neither proactive nor able to use gender-analytical lenses adequately. More details are provided in annex IX on Gender Analysis.
181. **Summary. The rating for GEWE is moderately unsatisfactory (3).** This rating reflects the fact that real efforts have been made to fulfil quotas among beneficiaries and staff, and that ongoing projects are making more of an effort to empower women. The evaluation also recognizes that there is little will to put much effort into GEWE because the Government does not regard the remaining challenges as high priorities. However, country programme performance has been limited due to the lack of context in specific studies and strategies, and too much focus on women’s participation rather than empowerment. Inadequate attention has been given to reducing women’s workloads and to addressing the underlying causes of gender

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<sup>72</sup> For example, and typical of other projects, CCDP MTR 2015 noted that women’s empowerment is key to improving household nutrition (para 80), but it remains an assumption and is not supported by any evidence. Moreover, the CCDP PCR notes that the project missed opportunities to increase nutritional impact.



inequality in more recent projects. Lastly, issues with data reliability and evidence generation call into question some of the results achieved.

## **G. Sustainability and scaling up**

182. **The sequential project approach and continued support in districts with national coverage have bolstered the sustainability of closed projects.** Successful implementation of projects has led to their evolution into follow-up IFAD projects. As discussed earlier, VDP evolved from PNPM and activities continued in TEKAD. READ's integrated approach, particularly engaging the local government's Regional Regulation (PERDA), has ensured the continuation of programme and budget support available under each technical agency. These elements of READ were adopted by READSI.
183. **Farmer groups, particularly existing ones, play an important role in sustaining project activities.** For example, community groups in READ continue to manage and grow their revolving funds as their working capital. READ established groups based on a decree letter, so they are authorized to receive support from technical agencies. For example, cocoa groups will receive regular support from estate crop (*Dinas Perkebunan*). Groups took ownership of READ activities and were committed to continuing them. They then continued with support from READSI. The groups that existed prior to CCDP, which were then supported, have continued to operate after project completion. However, groups created specifically for CCDP activities ceased to function after completion. This is typical of all the projects.
184. **Financial sustainability and funding remain a key factor to support or continue project activities.** There are no positive examples, among the closed projects, of groups remaining financially sustainable. In SOLID, the capacity of existing SHG to evolve and grow depended on their continuing access to loans. It would appear that the majority of savings are gone and therefore the groups have ceased to function.
185. **In-built operations and maintenance (O&M) plans provided an opportunity to ensure sustainability, but uptake has been slow and depended on the local context.** IFAD designs indicate the need for O&M plans in relation to infrastructure and farm machinery. The plan needs to include a budget, funding sources and definition of roles and responsibility. These are found in both completed and ongoing projects; however, field observations show that successful implementation depended on the capacity of project implementers, particularly the local government, consultants and individual groups. The READ project completion report validation stated that READ did not adequately ensure that beneficiaries committed to good O&M practices. In IPDMIP, the O&M plans from cofinanced components were utilized only when the project had support from full-time consultants who adapted it in their IFAD-funded activities, for example in East Java.
186. **Availability of well-trained extension workers contributed to sustainable interventions.** Field respondents across multiple projects note that the sustainability of improved extension services depends on whether the Government, at central and local levels, can continue to employ the newly recruited and trained extension workers after project completion. For example, in IPDMIP, the supervision report of May 2020 notes that "a critical policy output of the project at both the central and local level will therefore be to establish robust evidence of the benefits and costs of effective demand-driven public extension service, and demonstrate the business case for increased public investment in extension services".
187. **Partnership with the private sector has contributed to mixed results in terms of sustainability among closed projects.** The partnership that READ facilitated with Mars at the cocoa development centres, to train "cocoa doctors", has continued. Mars continues to support "cocoa doctors", with ongoing training at their "cocoa academy" at Makassar – for beneficiaries of READSI. Mars has continued this partnership in promoting organic fertilizer in READSI as well. CCDP signed

memorandums of understanding with 84 different partners in private and public sectors. Unfortunately, none of these partnerships currently exist, because the agreement was one-sided as explained earlier. This example highlights the importance of negotiating fair contracts for the sustainability of private-sector partnerships.

188. **While all projects have exit strategies, those that are adapted to local needs and build on existing initiatives have proved more sustainable.** The CCDP exit strategy aimed to sustain investments and promote replication; it sought to do this by promoting empowerment-related activities to other directorates, both within their Ministry and with the MoV, and by linking corporate social-responsibility programmes to large private-sector companies. In addition, the local agency, Dinas KP Makassar, replicated the CCDP model to non-project locations, using its own budget. Several tourism agencies offered funding and technical support for promotion of ecotourism. For the ongoing projects – UPLANDS in West Java and IPDMIP in East Java – project-specific consultants formulated exit strategies by mapping the project activities with potential “owners”, who would take over at completion. These range from existing government projects to private sector-supported initiatives. READSI was designed with a clear exit strategy supported by most of the stakeholders, indicating that sustainability is being worked on during implementation. The exit strategy is based on: (i) the partnerships with Mars and Mondelez for the private extension services and integration of smallholders in their supply chain; (ii) partnerships with the financial sector, which still need to be formalized; and (iii) exploring the possibility of formalizing or absorbing farmer groups into farmer organizations or cooperatives.
189. **Where the priorities of the beneficiaries do not coincide with the design, the sustainability of project activities may be limited.** Among ongoing projects, the activities that are designed and implemented – based on the needs of the various provinces and local governments – often do not coincide with priorities of the farmers. This is a challenge for post-project local ownership in cases like IPDMIP and UPLANDS.
190. The CSPE assesses the **likely sustainability of benefits as moderately satisfactory (4)**. The main successes of sustainability have been through follow-up IFAD projects. Sustainability has depended on project funding that was invested in building local ownership, through consultants who expanded the projects’ exit strategies. There are some examples of local governments continuing to fund activities post-project, and indicative plans to utilize skills learned for future projects. Besides the successful partnership with Mars, few linkages were established with private sector off-takers that continued after project closure.

### **Scaling up**

191. **The Government has used community-driven approaches to scale up and inform the Village Law.** The community-driven development approach – initiated in READ, used in the series of PNPM projects and continued through VDP – has informed the Village Law. The Village Law (2014) drew extensively on experiences from IFAD-supported PNPM-Rural and the IFAD-only-financed PNPM-Agriculture, adopting its CDD approach – in particular the local-facilitator model. VDP was specifically designed to test out the application of CDD principles in the use of village funds (*dana desa*), which were allocated directly to village governments following enactment of the Village Law. PNPM has demonstrated how financial resources planned at village level can meet the most pressing needs to improve livelihoods, particularly with regard to access to basic social and access infrastructure. PNPM-Rural provided the guiding principles that led the design of the Village Law (2014) and of the Village Fund;<sup>73</sup> it has been scaled up nationally by the Government. At the local level, the village government allocated funding to continue support to

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<sup>73</sup> National Team for the Acceleration of Poverty Reduction, Integrating Community-Driven Development Principles into Policy: From PNPM to the Village Law, Office of the Vice-President of the Republic of Indonesia, June 2015.

infrastructure and to activities related to ecotourism in the mangrove areas initiated by CCDP. Other areas (e.g. east Maluku) identified ecotourism emerging as a strong activity and adopted the approaches of CCDP.

192. **The Government and the World Bank scaled up CCDP's integrated and proactive approach to marine conservation.** CCDP began development of a replication plan to extend successful elements to at least 12 additional districts. Technical support was provided by the project management office, with funds from the Japan Fund for Poverty Reduction, and managed by the ADB. This piloting effort provided valuable lessons on how to support replication after project completion. Based on Berau findings and project research, in 2017 the project management office produced a large replication manual (*Buku Manual Replikasi CCDP-IFAD*) with chapters related to coastal-community development, implementation mechanisms, business support/marketing, management and funding. CCDP's exit strategy was comprehensive and focused on multiple dimensions of sustainability, as described above. These activities were adapted by the World Bank and MMAF, in the investment being made in coral reefs and mangrove management working with coastal communities.
193. **IFAD supported governments in other countries with scaling up the approaches initiated by CCDP.** IFAD's fisheries specialist facilitated the loan project in the fisheries sector in Kenya, to adapt the KM system designed and used by CCDP. The value-addition technology of CCDP and the community resource-based management was adopted by the IFAD-funded projects FishCORAL in the Philippines and ProPESCA in Mozambique. The IFAD-funded, post-tsunami, community sustainable livelihood project implemented in Tamil Nadu, India, adapted the commercial approaches taken by CCDP.
194. **IPDMIP has distributed funds to better-off provinces, to the disadvantage of more remote and needy ones; this constrains plans for scaling up.** Field observations showed that in IPDMIP, provinces such as East Java – due to their proximity to the central office in Jakarta – were able to lobby for additional funds to hire full-time consultants and technical experts to solely focus on project implementation, including planning for scaling up. This was not possible in more remote locations like North Sulawesi, where IPDMIP is implemented by part-time government personnel with additional responsibilities.
195. **Summary. Overall, the CSPE rates Scaling up as moderately satisfactory (4).** There are successes with scaling up, including uptake by the Government and another financing agency, and follow-up projects by IFAD in other countries. However, as a programmatic approach (supported by a robust KM and M&E system as elaborated under Coherence) has not been adopted, there are only two significant successes of scaling up documented.

#### **Environmental and natural resources management and adaptation to climate change**

196. **A succession of GEF grants and regional grants has supported regional and national policies and regulations related to NRM.** As seen in earlier sections in Coherence and Effectiveness, GEF-funded activities have been successful in achieving their project outcomes and developing environment and climate-friendly policies, with cooperation from local and central governments. Significant achievements have been made in 2017-2021, through the implementation of project activities with both IFAD-GEF and government cofinancing; this includes 12 government regulations and subregulations for the sustainable use of peatland ecosystems, and an additional 10 subregulations and/or technical guidance in relation to peatland management. A National Plan for Protection and Management of Peatland Ecosystems, for the period 2020-2049, was developed. The project also supports the national strategy in peatland management for 30 years (2015-2045). IFAD's direct influence on national policy is evident here. In terms of mapping and

monitoring peatland areas, the project seems to have performed beyond expectation. The MoEF established national monitoring tools aside from mapping peatland areas, but also as an early-warning system for fire risks. Real-time data in concession and non-concession areas could be monitored from central level. At the community level, the project worked to restore dry peatland areas, replanting and revegetating, revitalizing and identifying alternative livelihood sources to improve income and diversification.

197. **Beneficiaries are adopting conservation methods when livelihoods improve as well.** In CCDP, the potential to increase beneficiaries' incomes, their access to finance, and support for mangrove rehabilitation and preservation, contributed to increasing their adaptation and resilience to climate change impacts. CCDP also undertook other environmental activities such as mangrove replanting, establishment and surveillance of sea-protection areas, and rubbish clean-up. CCDP introduced innovative income-generating activities to sustain environmental protection. According to the CCDP impact-assessment report,<sup>74</sup> the health of marine resources has improved. The project also maintained a strong stance for environmentally sustainable aquaculture. In addition, 45 community-level ecotourism investments have been made, thereby protecting local resources.
198. **In SMPEI, conservation methods were adopted, and alternative livelihoods introduced, but additional funding and technical support is required to help farmers move from their traditional practices towards climate-smart approaches.** About 40 per cent of the palm-oil plantation area is actually farmed by smallholders contributing to climate change. Palm oil is the most lucrative product for farmers. Therefore, SMPEI focused on finding more sustainable ways of growing palm oil, by not drying up peatland and retaining appropriate hydrologic levels. Other sources of income such as honey are being introduced through the Center for International Forestry Research. However, this is not performing as planned, as the whole approach of the center is seen as problematic, due to lack of expertise and understanding of what IFAD wanted.
199. **Project interventions have supported beneficiaries in adapting to climate, to some extent.** While the CCDP design addressed ENRM (box 7), it did not address climate change directly. Community awareness of climate change and related environmental issues were, however, raised through ecotourism activities; these were often coupled with environmental education. The PCR noted that production of seaweed and coral transplantation supported by CCDP would lead to carbon sequestration, and thus contribute to climate change mitigation. UPLANDS farmers interviewed in the CSPE indicated they could manage the natural resources better, now they had the land and water resources that enabled more flexible planting schedules. While IPDMIP was designed to rehabilitate the irrigation schemes to facilitate greater resilience against drought, the rehabilitation in sync with agricultural seasons has yet to be tested.

Box 7

**Measures designed and implemented for communities to manage resources sustainably**

CCDP was designed to improve coastal-resource management. CCDP implemented a wide range of measures for sustainable NRM, including: the establishment of community-based resource-management groups; replacement of destructive and unsustainable fishing practices with sustainable technologies; litter clean-up and collection and processing of waste products; mangrove restoration; establishment of coastal marine resource-management areas, of which 20 were ratified by local ordinances during the project implementation period and a further 13 were expected to be ratified by project end; and the instituting of marine-conservation areas, including no-take or no-fishing zones, as well as mangrove planting/rehabilitation areas.

<sup>74</sup> [https://www.ifad.org/documents/38714170/41248489/IN\\_CCDP\\_IA+report.pdf/0663268b-3f06-bee7-970a-9312ee70da93?t=1565272824000](https://www.ifad.org/documents/38714170/41248489/IN_CCDP_IA+report.pdf/0663268b-3f06-bee7-970a-9312ee70da93?t=1565272824000).

200. **Support for improved farming methods and access to reliable water sources have improved farmers' adaptation to climate change.** UPLANDS has used FFS to pass on climate-smart and soil-and-water-conservation techniques. Field observations have shown that farmers have started to adopt these techniques, switching to organic fertilizers and using broad beds and furrows, and proper irrigation techniques. In IPDMIP, the training of the extension officers included building the capacity of farmers using the FFS methodology, on topics related to intensification of farming systems through more reliable access to water. The rehabilitation of irrigation schemes provides farmers with dry-season cropping opportunities, as well as diversification opportunities into high-value crops. This has prompted the inclusion of new topics related to consideration of water constraints and climate change. FFS in READSI has been promoting the use of organic fertilizer to reduce the use of inorganic fertilizer, as the latter increases soil acidity and pollutes the environment. However, farmers interviewed in CSPE indicated that they have not adopted this practice, because of the extra effort required to make compost and the fact that subsidized chemical fertilizers are readily available. This suggests that training packages have not yet adequately influenced existing practices.
201. **Institutional bottlenecks and capacities, as well as private sector concessions, continue to constrain the climate change interventions.** In SMPEI, despite the successes in putting regulations in place, implementation continues to be a challenge. Farmers tend to view the private and public sectors in a negative light, given that large companies profit from loss of biodiversity due to their focus on palm oil. The farmers and local NGOs continue to adapt best practices and hold companies and local governments accountable. However, there is a long way to go before best practices to preserve the environment and combat climate change are universally adopted in the provinces. The promotion of alternative livelihoods through FFS has been delayed due to the challenges of establishing multi-stakeholder forums at field level.
202. **Innovations helped combat climate change impacts.** As discussed earlier in the innovation section, the comprehensive approach taken by SMPEI – of monitoring peatlands to combat the destruction caused by forest fires haze and peatland CO<sub>2</sub> emissions – is considered by local officials and field respondents to be a major boost to protecting the environment and combating climate change. Forecasting fires have helped to reduce their incident and the resulting damage to property and incomes, and is part of the training process of farmers in Riau.
203. **CSPE rates Environment and Climate Change as satisfactory (5).** This is because several completed projects, despite not explicitly stating it in their objectives, contributed to protecting the Environment and Natural resources. In addition, completed and ongoing projects with specific focus on ENRM and climate change have been successful in building awareness, changing behaviours, and utilizing data to reduce climate risks and shocks including building resilience.
204. **Summary.** The CSPE assesses the **likely sustainability of the IFAD country strategy and programme moderately satisfactory (4)**; contributing to this overall assessment is **scaling-up, which is rated as moderately satisfactory (4)**, and **environment and natural resources management and adaptation to climate change is considered satisfactory (5)**.

## Key points

- IFAD has been prepared to work in challenging and remote areas with high levels of poverty, like eastern Indonesia. Despite the COSOP focus on eastern Indonesia, it now only receives one-third of IFAD funds – which risks diluting direct support to poverty-reduction interventions.
- COSOP lacks strategic direction and clearly articulated synergies between projects, and therefore does not provide a coherent programme focus. Project designs do not: (i) share the same development language or metrics; (ii) adequately explain causal pathways; (iii) demonstrate complementarity; and (iv) benefit from co-location.
- While cofinancing has increased in line with corporate targets, this is with risk of dilution of IFAD's pro-poor priorities and opportunities to fully meet the Government's demand for innovation. Size of financial contribution should not dictate the nature of the relationship, and IFAD needs to preserve its identity and comparative advantages with Government.
- IFAD's significance for Government in innovation is not fulfilled because of weak M&E, insufficient resources to ensure transfer of learning and proactive engagement in policy dialogue, and limited use of in-loan grants to support these endeavours strategically.
- The lack of success with brokering sustainable market linkages is at least partly due to weak analysis of market opportunities, ahead of providing advice to farmers. A more market-driven rather than reactive approach is needed. This includes a better understanding of existing markets, and finding the means to ensure that these operate more favourably for farmers rather than having an exclusive focus on trying to broker new relationships.
- Managing financial risk for farmers has not been adequately addressed and, like market analysis, needs to examine the existing trusted mechanisms in order to establish how these can be strengthened; there also needs to be a review of innovative options for provision of seasonal insurance.
- IFAD's role in bolstering partnerships with the private sector helped ensure sustainability; for instance, the partnership that READ facilitated with Mars at the cocoa development centres to train "cocoa doctors" has continued beyond the life of project.
- Field observations showed that there was little cross-project learning or sharing of knowledge from projects, even when they are implemented from the same province; this affects scalability.
- Gender strategies are completed late and without sufficient contextualized understanding of regional and traditional differences in gender dynamics. They remain separate to everyday implementation and are poorly understood at local level.

## IV. Performance of partners

### A. IFAD

205. **IFAD has successfully re-engaged with the Government by actively seeking to meet its needs, increasing country presence and maintaining consistent personnel.** Prior to 2011, IFAD had been disengaged with the Government of Indonesia. During the period 2011-2013, IFAD reconnected and started to rebuild trust and credibility with the Government by listening; IFAD sought to understand how the Government viewed IFAD and how it wanted to reposition the relationship. Valuable data collected from the field during the implementation of READ contributed to reframing the partnership with the Government. The next step involved realigning the portfolio as reflected in COSOP (2016). In response, the Government increasingly invited IFAD to provide input into policy. BAPPENAS requested assistance in preparing the medium-term development plan but, at the time, IFAD lacked the technical and financial resources. The Government also requested greater local presence. In 2016, IFAD established the country office in Jakarta and started focusing more on non-lending activities. IFAD has progressed from minimal communications with the Government to having positive partnerships with several ministries in addition to MoA. Maintaining key staff in position for a long period greatly facilitated the development of strong relations, trust and mutual understanding.
206. **IFAD supported ambitious designs, with ensuing implementation delays remediated at MTR to facilitate positive outcomes in the final years.** This is explained in the Efficiency section. In addition, the design of SOLID disregarded lessons learned from previous projects, on the importance of food security to complement value chains in a post-conflict context. The project design report (PDR) for UPLANDS included an expectation that beneficiary farmers would be in a position to contribute 20 per cent of capital cost of infrastructure and equipment. During implementation, this caused significant delays and an alternative approach had to be found.
207. **Projects have been designed to disburse funds quickly during early years, without adequate time and support given to PMUs to set up.** All of the projects have been designed to be established and disbursing funds during at least the first two years of implementation. This is a major issue, as the Government requires completion of projects within a maximum of six years. Delays in two out of six years leads to a more rapid implementation and disbursement of funds in the remaining time. Three of the current projects (IPDMIP, READSI and UPLANDS) were designed to disburse funds using the on-granting mechanism, without allocating adequate time and resources to build capacity at district and village levels to implement the processes efficiently.
208. **Over time, IFAD has funded the design and implementation of larger-value projects, with the support of more cofinancing.** A stated intent of IFAD is to fund larger-value projects to contribute to better efficiency. Both the average size of IFAD financing and total financing per project have increased over time. Average IFAD financing and total financing for the four closed projects were US\$26 million and US\$35 million respectively, increasing for the five ongoing projects to US\$57 million and US\$367 million respectively. The increase in IFAD financing is also in line with the general increase in APR of average IFAD financing per project, from US\$35 million in 2018 to US\$48 million in 2021.<sup>75</sup>

### **Supervision and implementation support**

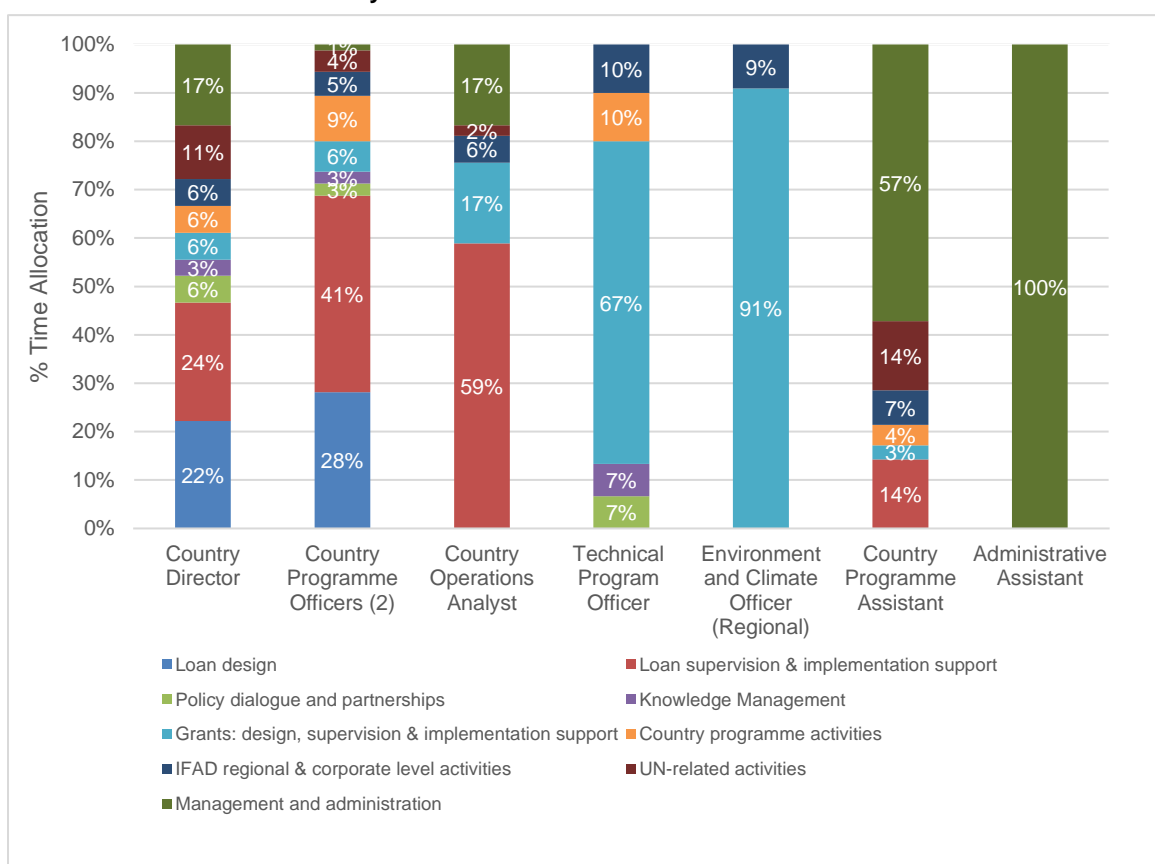
209. **The IFAD Country Office is managing a large portfolio with limited resources over a vast geographical area, with diverse cultures and lack of adequate resources for non-lending activities.** There were only three staff (one based in Jakarta) supporting the Indonesia portfolio in 2013, increasing to six in 2016, with

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<sup>75</sup> APR portfolio stocktake, 2021.

four being in Jakarta. From 2019 to 2021, there were eight then seven staff based in Jakarta,<sup>76</sup> and two in Rome. However, some of the staff have duties outside of the Indonesia portfolio. From figure 5, it is noted that loan activities (design, supervision implementation support and MTR) occupy over 69 per cent of the time for the two programme officers and 59 per cent for the analyst and 46 per cent of the time of the country director. All projects had at least one mission per year of implementation, with most having nearly two on average. The small team managed four projects per year in 2013-14, dropping to three per year 2015-18, two in 2019 and five per year in 2020-21, coinciding with the highest percentage of funds allocated to support missions. The highest number of missions was eight in 2013 and seven in 2016 and 2017. This highlights how the country team has had a large portfolio of active loan projects to manage, which span the length and breadth of the country, in addition to their responsibility for non-lending activities.

Figure 5  
Time allocation for IFAD country staff in Indonesia



Source: Data provided by IFAD Indonesia Country Office as estimates by each staff member.

210. **IFAD's supervision and implementation support missions of loan projects are valued by the Government.** Project implementers consider IFAD's support satisfactory and useful. The establishment of the country office was beneficial for engaging more closely with projects and addressing issues immediately. An important aspect of support in SOLID was keeping the same experts who designed the project through to the MTR and completion. During 2020 and part of 2021, supervision missions were carried out remotely due to COVID-19 restrictions. This limited the ground-truthing required during supervision field visits.
211. **Despite recognizing M&E as a weakness since 2013, IFAD has not provided adequate support to the Government.** COSOP (2016) and the Eleventh Replenishment Report emphasize the need to collect reliable data to inform policy

<sup>76</sup> Following the resignation of the environment and climate officer.



with evidence and scale up activities. M&E and KM are weaknesses in all projects except CCDP. Unfortunately, IFAD missed the opportunity to support the Government in building capacity and developing strong M&E systems during project start-up. While only indicative of IFAD's support, M&E specialists have been scarce in mission teams.<sup>77</sup> Moreover, no M&E specialists have been engaged in the missions of IPDMIP and YESS. In contrast, half of READSI and UPLANDS missions, as of July 2021, included an M&E specialist. The CSPE notes that the ICO has recently engaged an M&E consultant to work full-time on supporting this key area.

212. **IFAD has not made sufficient resources available to promote the potential of the grants allocated, with the exception of GEF grants.** The inclusion of grants in loan projects has the potential to generate good results, by contributing to policy formulation. However, the limited monitoring and reporting of grant activities by IFAD supervision teams reduced the potential impact of grants. In contrast, the technical programme officer (in Rome) and the former environment and climate officer spent 67 per cent and 91 per cent of their time, respectively, on grants, including GEF and IFAD regional grants. These GEF grants have made some significant contributions to policy development and practical innovations.
213. **Summary. IFAD performance is rated moderately satisfactory (4).** IFAD has developed a good relationship with the Government over time, by seeking to meet its needs, and through stronger country presence and valued supervision and support missions. IFAD has been successful in attracting cofinancing to fund larger projects, but these have become more complex for the Government to implement. IFAD's emphasis on early disbursements overlooks the more immediate need of supporting the set-up and orientation of PMUs. IFAD resources are not sufficient to support such a large portfolio spread over a wide geographic area.

## **B. Performance of Government**

214. **There are tensions between government policies and IFAD project objectives.** The Government has consistently emphasized the need for input subsidies, which can counter approaches that promote business development and empowerment of smallholders. Where inputs are usually expected to be free or heavily subsidized, it has made it difficult for IFAD projects to require beneficiary contributions or encourage farmer participation without handouts. The Government's prioritization of achieving food security means less attention has been given to re-energizing cash-crop production such as rubber, cocoa and coffee, or supporting new cash-crop initiatives. In READSI, for example, rice farming was promoted alongside cocoa, to fit with the Government policy, but a more focused approach only on cocoa may have been more beneficial to farmers. The Government's support for palm-oil production is often also in tension with the intentions to preserve peatlands. Similarly, IFAD supports Government in its strong decentralization agenda; but this means that implementation progress suffers from weak subnational capacity and delays in approval and transfer of funds to local bodies.
215. **The Government has demonstrated financial commitment to IFAD loan projects but actual expenditure has been limited.** For the nine projects included in CSPE, the Government has committed US\$1.65 billion (38 per cent) out of the overall value of US\$4.35 billion, which is a significant indication of its commitment to the portfolio. The Government allocated between 13.8 per cent of its funds for READ and up to 79.9 per cent for TEKAD in the design. However, the actual expenditure by the Government on the four closed projects was 63 per cent of what was committed (see annex VIII). For IPDMIP and READSI at MTR stage, actual Government expenditure to date is only 0.3 per cent and 2 per cent of its commitment. Consequently, IPDMIP is considered a problem project. UPLANDS is also designated as a potential problem project. The lack of provision of funds by the

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<sup>77</sup> An M&E specialist was present on 3 out of 13 missions for SOLID, 1 out of 9 missions for READ, 1 out of 18 missions for VDP, and 1 out of 8 missions for CCDP.

Government is also a concern for TEKAD, which has been constrained by the slow implementation of the 2020 Annual Work Programme and Budget. As discussed under Efficiency, the introduction of on-granting, and the recent budget reallocation to address the COVID-19 crisis, has delayed the contribution from the Government to the projects.

216. **The Government has demonstrated its desire to design and make projects address its priority needs.** The Government rejected the first design for UPLANDS and decided to use an innovative approach, by inviting districts to present their projects for funding. Districts were then selected using criteria assessing their readiness to implement. The result was 14 districts with 14 entirely different subprojects to design and implement, but through willing and committed district governments. This is an example of Government informing a funding agency like IFAD of how they want their priority activities to be implemented. However, see Relevance, where concerns are raised regarding the targeting of poorer areas with this approach.

#### **Project management**

217. **The implementing ministry does not always allocate adequate time and resources to set up and manage the projects.** CCDP is the only project that performed well from the start, because MMAF appointed a strong and competent full-time manager and team from design to completion. The MoA changed its approach, from allocating full-time staff to a project to having them integrated as part of the government structure, starting with SOLID. The MoA does not include, in the performance appraisal of staff, their ability to manage projects efficiently. Ministry staff appointed to project positions also have other, competing roles and responsibilities. As such, they rarely dedicate more than 50 per cent of their time and often less than 25 per cent to project implementation. There are many examples where staff were not recruited on schedule to the project-management teams, and not on a full-time basis. MoEF are having similar issues with SMPEI, as the project is in its final year, still does not have a procurement officer, and the project management coordinator was only recruited in the second semester of 2021. Government staff rotate regularly, which constrains institutional memory. Frequently, consultants are recruited to train and build capacity at all levels, but their procurement could take up to two years as with IPDMIP. Also, staff have been assigned to PMUs who lack experience in managing investment projects and learn on the job.
218. **Projects are less responsive to the needs of the beneficiaries during implementation than planned in the design.** While projects are designed to be flexible and responsive to the needs of the beneficiaries, there are examples in IPDMIP and READSI where the needs of the beneficiaries are not responded to during implementation. For ease and simplicity of management, the READSI national project implementation unit through to subnational impose a menu of options that may not include the priority needs of the beneficiaries. The district team responds to directions from above, rather than listening to the needs of the beneficiaries and feeding these up the chain. IPDMIP farmers appreciate the FFS but they have different priorities in East Java, where they require training in rat eradication; but extension is not flexible and can only train what is planned in the curriculum. There are examples where the water storage is inadequate; IPDMIP has rehabilitated the primary and secondary canals, but this does not improve the water supply to the farmers.
219. **The Government has not operationalized steering committees as foreseen in the design.** In all the designs, steering committees have been included; however, according to interviews, they never meet and function as planned except in CCDP. Coordination between and within ministries and between the different levels of government, particularly during the set-up period, has generally been inadequate.

Steering committees are meant to oversee this coordinating role, which is particularly important in complex projects like IPDMIP that involve four agencies which implement interdependent and complementary components.

220. **Government processes have contributed to delayed implementation and disbursement.** The implementing ministries have to apply for their fund allocation during the first fiscal year, which includes a portion of the IFAD loans. If the project starts at the wrong part of the financial year, this can delay funds reaching it; it can also delay its ability to recruit staff as well as the procurement of consultants and resources. VDP had lengthy delays in obtaining “no objections” from IFAD; this was due to the poor quality of bidding documents, lacking conformity with government-procurement regulations, or errors in computing evaluation scoring. In 2015/16, there was a major reform in the financial system of the Government, where all processes and systems went online including tendering. This is now a fast process, although delays still occur when PMUs do not prepare the documents required for procurement correctly or on time.
221. **Implementing ministries do not collect and make adequate use of relevant data from their projects.** The project management team are not using data collected to inform decision-making, or to feed into policymaking. Evidence is therefore lacking to demonstrate good use of the funds in having had a positive impact on beneficiaries. As the data is not being used, there is little interest in whether the data being collected is appropriate or measuring progress. Generally, M&E, MIS and surveys tend to be weak except for CCDP. Resources are put into collecting quantitative data that are not analysed and fed back to the field. The ongoing projects have not adapted the strong M&E system and MIS developed by CCDP, and are struggling to establish reliable data-collection systems.
222. **MoA is a key partner and strong in agricultural production, but limited in its capacity to implement activities and create the enabling environment for farming as a business.** IFAD’s natural partner has always been assumed to be the MoA, and loan requests have traditionally been generated here. Many interviewees pointed to limitations inherent in working only with MoA, which has less expertise, capacity and interest in value chains, business development and rural finance than other potential Government partners. MoA maintains its default expertise of supporting production through traditional input provision and extension services, privileging these in implementation over the components to build market linkages. IFAD is working with the MoA to increase their capability in understanding value chains and working with the private sector. For example, IFAD facilitated the ongoing relationship between MoA and Mars through READ and READSI. Newer project designs (UPLANDS, YESS and TEKAD) have also purposely included other government ministries, to broaden expertise and resources in value-chain development.
223. **Collaboration across ministries and even between departments in the same ministry is limited, and there is no official platform for cooperation and sharing across agricultural-development programmes.** Collaboration across ministries is regarded as challenging by the Government and project implementers. The evaluation, for example, did not find a strong motivation and intention in the MoA to explore these possible synergies. The silo approach of ministries, and even departments within ministries, does not provide an enabling environment to bring constellations of government project partners together. BAPPENAS confirmed in interviews that it can play a bigger role and recognized its own shortcomings, stemming from managing grants and loans separately. Several interviewees urged IFAD to more actively facilitate the engagement of agriculture/business and financial sector stakeholders at provincial level, with the support of heads of districts (*Bupatis*).

224. **Summary. Government performance is rated moderately unsatisfactory (3).**

The Government has been a close partner of IFAD and has provided active and significant support in the design and implementation of its projects, not least through high financial commitments. It has taken a strong stance in a couple of projects (VDP and UPLANDS), showing leadership and clear government priorities. These strengths are offset by several weaknesses. Actual expenditure by the Government has been low, worsened by the COVID-19 pandemic but also affected by the large-scale introduction of the on-granting mechanism. As the projects have become larger and more complex, the programme management has become weaker, with delayed procurement, and steering committees do not operate as planned. M&E, MIS and key surveys have been developed slowly and are not used to inform management decisions or policy. MoA has not provided the needed support to implement farming as a business and facilitate a conducive enabling environment. Implementation modalities have led to ongoing projects being less responsive to beneficiary needs than planned in design.

**Key points**

- IFAD and the Government have forged a closer and trusting partnership, supported by IFAD's stronger country presence, staff in key positions for long periods of time, and valued supervision and implementation support. IFAD has developed good working relationships with seven government ministries, in addition to its longstanding partnership with MoA.
- IFAD project designs have often been ambitious, but the MTRs of projects have refocused and simplified projects, leading to positive outcomes by completion.
- Given relatively complex project designs and the known capacity levels of implementing ministries, too much focus has been placed on disbursing funds quickly without sufficient support given to set up activities.
- IFAD has enabled the design and implementation of larger-value projects, supported by more cofinancing. However, the IFAD Country Office now manages a large portfolio with limited resources over a vast geographical area. At the same time, decreasing resources and budget for non-lending activities have limited IFAD's work in these strategic areas.
- IFAD has not provided timely and adequate support to developing strong M&E systems from project start-up.
- The Government has been a close partner of IFAD, providing support and leadership in the design and implementation of its projects. It has shown strong motivation for rural and agricultural development, through high financial commitments.
- Actual expenditure has been low, worsened by the need to redirect funds to the COVID-19 response, but also as a result of the large-scale introduction of the new on-granting mechanism.
- Oversight and coordination are limited through project steering committees, and the lack of collaboration across and within ministries constrains implementation. The lack of an official platform for cooperation and sharing in the sector constrains learning.
- The quality of project management, procurement and M&E are serious bottlenecks to the pace of implementation, and ultimately to achieving expected outcomes and impact.
- MoA is a key partner and strong in production and extension; however, it has less understanding and experience in implementing and facilitating value-chain development, business development and inclusive rural finance, than other potential government partners.

## **V. Overall achievement of IFAD's country strategy and programme**

225. CSPE assessed IFAD's country strategy and programme in Indonesia as **moderately satisfactory (4)**. Table 9 provides the rating.
226. **Strengths of IFAD's country strategy and programme in Indonesia during the period covered by the CSPE include:**
- a. A high level of perseverance and commitment to the Government's decentralization agenda evident, even from before the CSPE period;
  - b. New partnerships with different ministries and government departments to complement and mobilize wider expertise, to enable smallholder farmers to become more business-oriented;
  - c. Facilitating cross-ministry collaboration; concentration in remote and challenging locations, especially in eastern Indonesia where poverty remains high and where few other programmes operated;
  - d. Progress with NRM and CCA, especially through good use of GEF grants;
  - e. Promising Rome-based agencies' collaboration and increased cofinancing arrangements – including with new partners – adopting new approaches and covering wider geographic spread; and
  - f. Increasing responsiveness to farmers' needs and diverse contexts; promising steps towards greater use of e-technology, particularly for local-level service providers and farmers to access information, advice, extension and markets; some progress with widening the scope for collaboration with the private sector.
227. **Weaknesses of IFAD's country strategy and programme in Indonesia during the period covered by the CSPE include:**
- a. Poor measurement and documentation of evidence of achievements across the board, which is especially concerning given the emphasis on testing innovations for scale-up that is at the heart of Government's expectations of IFAD;
  - b. Inadequate resources to fulfil its mandate to promote innovation using appropriate and impactful KM approaches;
  - c. Delayed start-up of projects resulting in inefficiency;
  - d. Increasingly complex project designs which are difficult to manage, and exacerbated by the lack of effective linkages and collaboration with other development programmes and stakeholders;
  - e. Weak understanding and internalization of GEWE needs appropriate to the Indonesian context; questionable assumptions in project designs, which need to be better researched and challenged; and
  - f. Insufficient understanding of what is needed to ensure sustainability of benefits and empower smallholder farmers to grow independently.

Table 9  
**Ratings of IFAD CSPE in Indonesia**

| <i>Evaluation criteria</i>                             | <i>Rating</i> |
|--|---------------|
| Relevance  | 4             |
| Coherence  | 4             |
| • KM   | 3             |
| • Partnership development                              | 4             |
| • Policy dialogue                                      | 4             |
| Effectiveness  | 4             |
| • Innovation   | 4             |
| Efficiency   | 3             |
| Rural Poverty Impact                                   | 3             |
| Sustainability   | 4             |
| • Scaling-up   | 4             |
| • Environment and Natural resources management and CCA | 5             |
| GEWE   | 3             |
| Overall Achievement                                    | 4             |
| Partner performance                                    |               |
| IFAD   | 4             |
| Government   | 3             |

## VI. Conclusions and recommendations

### A. Conclusions

228. **IFAD holds a highly respected position with the Government, forged through consistent and unobtrusive support over decades for the agricultural sector and smallholder farmers in particular.** IFAD is seen as a reliable partner that has been prepared to support the Government's long-term objectives, such as its decentralization agenda, even when doing so has contributed to slowing down progress, in particular projects. IFAD recognizes the Government's intentions and works to help test out new policies and practices defined by the Government, when others have preferred to circumvent or challenge. It recognizes that change takes time and provides dependable support for processes of change within government systems, rather than creating parallel means of working. It has encouraged more joined-up government ways of operating, by trying to facilitate different ministries and departments to work together within the IFAD portfolio.
229. **Crucially, farmers themselves have highlighted certain aspects of the country programme from which they have benefited.** At the field level, projects have continued to provide support to, and through, village facilitators and FFS. Farmers report that they have benefited from increased knowledge and capacity, from their interactions with readily available facilitators and FFS. FFS have also led to farmers' adoption of innovative techniques and, critically, to farmer-self-reported increased yields. Projects with a specific focus on ENRM and climate have built awareness, changed behaviours, and used local data to reduce climate risks and shocks. At the village level, IFAD has demonstrated that participatory village planning, with concomitant control of financial resources, can support participatory development.
230. **Over time, the country programme has become less focused and coherent, with scattered geographic targeting.** This includes dilution of its poverty focus, with IFAD's shift away from geographic targeting of the poorest areas of Indonesia without elaborating how poor, unskilled rural men, women and youth can participate effectively in value chain and agribusiness. Project designs have adopted a systems lens that leads to increased complexity and a loss of strategic focus on priorities and interventions where IFAD has a comparative advantage. While individual projects may be relevant, both internal and external coherence are lacking across the country programme, which weakens the potential for achieving combined impact. The current country strategy does not provide sufficient direction for project designs to ensure internal and external coherence.
231. **Wider geographic spread has reduced opportunities for in-depth understanding of local contexts.** IFAD has undertaken limited assessments of the contemporary context in Indonesia, which inhibits the design and implementation of a contextually relevant programme. Key thematic areas, such as value chains and business development, gender, nutrition, environment and rural finance, are insufficiently understood in context. The context and changing trends for each of these are not only specific to Indonesia as a middle-income country but differ immensely across the country. Districts across Indonesia have different priorities and local governments respond to these differently, even within provinces or similar agroecological zones. The resources for studies and missions – to inform project design and implementation – are too limited to provide enough depth to develop responsive interventions, further exacerbated by the thin geographic spread.
232. **While progress has been made in supporting decentralization, there have been trade-offs, especially in terms of efficiency.** The lack of trialling approaches, like the on-granting mechanism before large-scale roll-out, is constraining country programme performance and effectiveness. Delayed implementation and low disbursement rates are due to continuing problems of weak project management, poor coordination within and between ministries at national

and subnational levels, and inadequate support from the lead ministry. Considerable IFAD resources have been channelled to support this long process of decentralization and capacity building at subnational level.

233. **Concentration of resources to support systemic change has left significant resource gaps in other areas where the Government has expectations from the partnership.** The Government has not gained optimally from IFAD's global technical know-how and applied local rural transformation experience, as innovations and models have not been well-documented and shared. Both partners have committed limited attention, time and resources to the development of useful M&E, and wasted resources on systems that were too complicated, of limited utility and/or were developed too late to be useful. The farmer-led monitoring systems developed by CCDP and Mars provide an example of a promising practice that reduces the project's data-collection burden and makes measurement useful for farmers themselves. However, the potential to aggregate these and use them as the main source of outcome data has yet to be fully realized, as has the sharing of the model with other projects. Despite the priority given to innovation, the Government has not committed full-time expertise to, or recognized sufficiently the need to build the capacity of, M&E or KM. The IFAD Country Office has insufficient resources to give the time required to engage in a KM strategy, and facilitate exchange with projects and partners, in order to realize these expectations.
234. **Lacking a KM strategy, IFAD has had mixed results in supporting the Government's priority on raising its profile internationally.** For example, the Government has highlighted concern for its poor SDG rating for nutrition. The IFAD programme has done little to support this concern, for example by not including nutritional indigenous crops and neglected and underused species within value chains. IFAD has provided some support to meet global environmental targets, but could have achieved more with evidence-based and targeted KM.
235. **Consequently, IFAD has yet to fully realize the role expected by the Government of Indonesia as a middle-income country.** IFAD corporate imposes a "one-size fits all" approach that does not at times take into account the nuanced needs of a middle-income country. Indonesia is diverse, and has its own funds and special expectations of IFAD financing. It looks to IFAD for: global technical know-how and experience; generating learning and influencing policy; opportunities to trial alternative models of rural and agricultural development; and increasing its visibility internationally. Effectiveness and impact are assessed using IFAD global metrics and do not adequately assess the value of IFAD loans to the Government. There are no means currently adopted to assess and compare alternative models or approaches, with a view to accelerating iterative adaptation and develop models for scaling up.

## **B. Recommendations**

236. **Recommendation 1. Base the new COSOP on a long-term strategic vision that drives cohesive programming that meets Government's evolving needs as a middle-income country.** Coherence can be achieved with a sharper geographic focus, interlinking projects and purposeful sequencing, as well as integration of grants into the programme. Greater attention also needs to be given to external coherence, and particularly on how the programme adds value, complements the work of others and avoids duplication. The programme should concentrate on a few key strategic areas fully aligned with the RPJMN (2020-2024), where IFAD's international expertise is critical in order to unify effort. Narrowing the scope will ensure that resources can be better targeted – for example, on eastern Indonesia and on private sector/value chains, with special emphasis on generating decent, sustainable work for poor families and widening the diversity of private-sector partners.
237. **Recommendation 2. Develop project designs suited to the capacity of implementing agencies, the needs of targeted districts and project duration.**



Projects should be less complex and include components to strengthen the capacities of the implementing agencies and partners, if necessary. Explore how project staff can be part of the design, through the use of retroactive financing or project-preparation facilities. Project designs should provide sufficient time and resources to set up the management and financial systems at start-up.

238. **Recommendation 3. Strengthen project management units to support a more integrated programmatic approach.** IFAD and the Government should engage in dialogue over alternative programme-management arrangements, including the potential for a single programme management unit. The lead ministry could manage this with full-time personnel, who are trained in all aspects of project management and committed for the full project duration. This PMU will need to have the authority and responsibility to coordinate with other directorates, ministries and all financing partners.
239. **Recommendation 4. Prioritize knowledge management through a country programme-wide strategy, which engages partners, promotes policy dialogue and stimulates regionally and internationally recognized technical capacity.** Design knowledge management for better transfer of lessons learned between projects, and develop timely knowledge products that are useful and appropriate for different audiences – including for sharing internationally. Fully integrate knowledge generation and management into programme implementation, with an adequately budgeted KM system, so that all implementation staff, including at local level, assume ownership and responsibility for this key intent. Knowledge sharing also should be facilitated among development partners and the Government, by supporting the creation of an intersectoral policy forum related to the food-system approach – building on the RBA collaboration and strategy – which can contribute to sustainability and scaling up.
240. **Recommendation 5. Develop a practical M&E system that promotes innovation and enables effective management.** Priority must be given to developing simple, relevant and focused M&E tools for farmers to use themselves, which can be aggregated for project purposes. More emphasis should be placed on metrics that encourage innovative practice and less emphasis on targets and outreach. Based on these metrics, develop a more effective means of demonstrating achievements of innovations for scaling up, which includes both qualitative and quantitative methods. Consider splitting MIS from M&E of innovation, which are staffed and managed separately.





## List of IFAD-supported operations in Indonesia since 1980

| Project    |   |                               | Dates      |            |            |            | Financing (million US\$)* |            |            |   |             |            |
|------------|---|-------------------------------|------------|------------|------------|------------|---------------------------|------------|------------|---|-------------|------------|
| ID         | Name  | Type                          | Approval   | Effective  | Completion | Closing    | IFAD                      | IFAD total | Government | Co-financing  | Beneficiary | Total cost |
| 1100000035 | Smallholder cattle development project  | Livestock                     | 06/05/1980 | 01/10/1980 | 31/08/1986 | 31/03/1987 | 23 (Loan)                 | 23         | 14         | -   | -           | 36.67      |
| 1100000074 | Sulawesi Paddy Land Development Project                                       | Irrigation                    | 08/09/1981 | 29/09/1982 | 30/06/1990 | 31/12/1990 | 30 (Loan)                 | 30         | 18         | -   | -           | 49.04      |
| 1100000094 | Seventeenth Irrigation (East Java Province) Project                           | Irrigation                    | 31/03/1982 | 15/12/1982 | 30/09/1988 | 31/03/1989 | 25 (Loan)                 | 25         | 45         | 72.6 (IBRD)   | -           | 142.60     |
| 1100000171 | Second smallholder cattle development project                                 | Livestock                     | 05/09/1985 | 15/04/1986 | 30/09/1993 | 31/03/1994 | 10 (Loan)                 | 10         | 7.74       | 25.75 (IBRD)  | -           | 43.27      |
| 1100000215 | Income-Generating project for marginal farmers and landless                   | Credit and financial services | 03/12/1987 | 18/06/1988 | 31/12/1997 | 30/06/1998 | 13 (Loan)                 | 13         | 10.7       | 2 (Netherlands)<br>1.4 (United Nations Development Programme) | -           | 27.28      |
| 1100000255 | East Java Rainfed Agriculture Project   | Rural development             | 19/04/1990 | 09/10/1990 | 31/12/1998 | 31/03/1999 | 17 (Loan)                 | 17         | 9.2        | 0.8 (Netherlands)   | -           | 31.22      |
| 1100000301 | South Sumatera Smallholder Tree Crops Development Project                     | Agricultural development      | 14/04/1992 | 29/09/1992 | 31/03/1999 | 31/03/1999 | 19.9 (Loan)               | 19.9       | 3.8        | -   | 4.3         | 28.07      |
| 1100000350 | Eastern Islands Smallholder Cashew Development Project                        | Agricultural development      | 19/04/1994 | 29/07/1994 | 30/06/2002 | 30/09/2002 | 19 (Loan)                 | 19         | 12.96      | 0.7 (United Nations Development Programme)                    | 3.2         | 35.82      |
| 1100000485 | Eastern Islands Smallholder Farming Systems and Livestock Development Project | Livestock                     | 06/12/1995 | 22/03/1996 | 31/03/2003 | 31/03/2004 | 15 (Loan)                 | 15         | 13.2       | 6.7 (Islamic Development Bank)<br>1.4 (New Zealand)           | -           | 36.68      |

| Project    |  |                               | Dates      |            |                         |            | Financing (million US\$)*  |            |                                  |                                   |                          |            |
|------------|--|-------------------------------|------------|------------|-------------------------|------------|----------------------------|------------|----------------------------------|-----------------------------------|--------------------------|------------|
| ID         | Name   | Type                          | Approval   | Effective  | Completion              | Closing    | IFAD                       | IFAD total | Government                       | Co-financing                      | Beneficiary              | Total cost |
| 1100001024 | P4K - Phase III  | Credit and financial services | 04/12/1997 | 09/07/1998 | 31/12/2006              | 30/06/2007 | 24.9 (Loan)                | 24.9       | 25.2                             | 8.3 (Dom Fin Inst)<br>60.5 (AsDB) | -                        | 118.92     |
| 1100001112 | Post-Crisis Programme for Participatory Integrated Development in Rainfed Areas                              | Rural development             | 04/05/2000 | 31/01/2001 | 31/03/2009              | 30/09/2009 | 23.5 (Loan)                | 23.5       | 3.2                              | -                                 | 0.6                      | 27.40      |
| 1100001191 | East Kalimantan Local Communities Empowerment Programme  | Rural development             | 11/12/2002 | 06/05/2005 | Cancelled<br>31/03/2006 | -          | 20 (Loan)                  | 20         | 6.5                              | -                                 | -                        | 26.50      |
| 1100001258 | READ   | Rural development             | 02/12/2004 | 18/11/2008 | 31/12/2014              | 18/01/2016 | 21 (Loan)<br>0.5 (Grant)   | 21.58      | 3.8 (Loc Gov.)<br>2.9 (Nat Gov.) | -                                 | -                        | 28.33      |
| 1100001341 | Village Development Programme (ex National Programme for Community Empowerment in Rural Areas Project) (VDP) | Rural development             | 11/09/2008 | 17/03/2009 | 31/12/2018              | 30/06/2019 | 68.1 (Loan)<br>0.4 (Grant) | 68.5       | 98.9 (additional)                | 33 (additional)                   | (IBRD 16.4 (additional)) | 216.77     |
| 1100001509 | SOLID  | Rural development             | 11/05/2011 | 05/07/2011 | 31/01/2019              | 31/07/2020 | 49.1 (Loan)<br>1.1 (Grant) | 50.2       | 14.8                             | -                                 | -                        | 65.00      |
| 1100001621 | CCDP   | Marketing                     | 21/09/2012 | 23/10/2012 | 31/12/2017              | 30/06/2018 | 24.2 (Loan)<br>2.0 (Grant) | 26.2       | 7                                | 7.8 (Spanish fund)                | 2.2                      | 43.24      |
| 1100001706 | Integrated Participatory Development and Management of the Irrigation Sector Project (IPDMIP)                | Irrigation                    | 17/12/2015 | 13/02/2017 | 31/03/2023              | 30/09/2023 | 98.5 (Loan)<br>1.5 (Grant) | 100        | 152.9                            | 600 (AsDB)                        | -                        | 852.90     |
| 2000001181 | READSI   | Agricultural development      | 14/09/2017 | 08/01/2018 | 08/01/2023              | 31/07/2023 | 39.9 (Loan)<br>1 (Grant)   | 40.9       | 9.6                              | 2.2 (Internat. private sector)    | 2.6                      | 55.33      |
| 2000001202 | Youth Entrepreneurship and Employment  | Rural development             | 14/12/2018 | 17/06/2019 | 30/06/2025              | 31/12/2025 | 55.3 (Loan)<br>2 (Grant)   | 57.3       | 12.1                             | 0.1 (TBD)                         | 3.2                      | 72.71      |

| Project                                |   |                          | Dates      |            |            |            | Financing (million US\$)*  |            |              |   |             |              |
|--|---|--------------------------|------------|------------|------------|------------|----------------------------|------------|--------------|---|-------------|--------------|
| ID                                     | Name  | Type                     | Approval   | Effective  | Completion | Closing    | IFAD                       | IFAD total | Government   | Co-financing  | Beneficiary | Total cost   |
|  | Support Services Programme (YESS)                                       |                          |            |            |            |            |                            |            |              |   |             |              |
| 2000002562                             | Integrated Village Economic Transformation Project (TEKAD)              | Rural development        | 30/10/2019 | 23/12/2019 | 31/12/2025 | 30/06/2026 | 32.9 (Loan)<br>1.5 (Grant) | 34.4       | 560.6        | 80 (TBD)  | 27.1        | 702.03       |
| 2000002234                             | The Development of Integrated Farming Systems in Upland Areas (UPLANDS) | Agricultural development | 11/12/2019 | 23/12/2019 | 31/12/2024 | 30/06/2025 | 50 (Loan)                  | 50         | 17.1         | 70.5 (Islamic Development Bank)<br>0.024 (Local private sector) | 14          | 151.66       |
| TOTAL FINANCING OF 9 PROJECTS IN CSPE: |   |                          |            |            |            |            |                            | <b>449</b> | <b>880</b>   | <b>793</b>  | <b>65</b>   | <b>2,188</b> |
| TOTAL FINANCING SINCE 1980**:          |   |                          |            |            |            |            |                            | <b>670</b> | <b>1,044</b> | <b>978</b>  | <b>74</b>   | <b>2,765</b> |

\* Current amount. Discrepancies between Total cost and IFAD, Co-financing, Government and other domestic financing funding due to rounding.

\*\* Totals exclude the cancelled project, East Kalimantan Local Communities Empowerment Programme.

Source: IFAD Oracle Business Intelligence, November 2020.

## List of IFAD-funded or managed grants

### A. Grants financed and/or managed by IFAD and implemented during the period 2013-2021

| Grant ID   | Name   | Countries included  | Date of effectiveness | Date of closing | Amount US\$000s | in IFAD funded | Recipient  |
|--|--|---|-----------------------|-----------------|-----------------|----------------|--|
| <i>IN-LOAN GRANTS (8) included in the table of loan programmes in annex IX</i> |  |   |                       |                 |                 | Y              |  |
| <b>COUNTRY-SPECIFIC</b>  |  |   |                       |                 |                 |                |  |
| 200000101  | Sustainable economic development through south-south and triangular cooperation in Indonesia         | Indonesia   | 28/11/2013            | 18/01/2018      | 500             | Y              | Ministry of National Development Planning/National Development Planning Agency             |
| 200000638  | Sustainable Cocoa Production Programme in Central Sulawesi   | Indonesia   | 21/01/2015            | 30/09/2017      | 500             | Y              | Swiss Foundation for Technical Cooperation   |
| 200001028  | Haze Free Sustainable Livelihoods Project  | Indonesia   | 18/03/2016            | 30/09/2019      | 495             | Y              | Center for International Forestry Research (CIFOR)   |
| 200003219  | Renewable Energy Solutions for Village Electrification (RESOLVE)                                     | Indonesia   | 24/02/2020            | 30/09/2022      | 244             | N              | Aliansi Masyarakat Adat Nusantara (ASAP2)  |
| <b>GLOBAL / REGIONAL GRANTS</b>  |  |   |                       |                 |                 |                |  |
| 100003895  | Root and Tuber Crops Research and Development Programme for Food Security in Asia and Pacific Region | Bangladesh, P.R. China, India, Indonesia, the Philippines | 22/03/2011            | 30/09/2015      | 1,450           | Y              | International Potato Centre  |
| 100004302  | Climate risk management in Agriculture with demonstration sites in Indonesia, Laos, and Bangladesh   | Bangladesh, Indonesia, Lao PDR                            | 07/12/2012            | 31/12/2015      | 700             | Y              | Trustees of Columbia University / International Research Institute for Climate and Society |

| Grant ID   | Name  | Countries included  | Date of effectiveness | Date of closing | Amount US\$000s | in IFAD funded | Recipient  |
|------------|---|---|-----------------------|-----------------|-----------------|----------------|--|
| 2000000074 | Medium Term Cooperation Programme with Farmers' Organizations in Asia and the Pacific Region, Phase II                          | Nepal, Sri Lanka, India, Bangladesh, Indonesia, Vietnam, Cambodia, Laos, Philippines, Myanmar, PRCChina, Fiji, Samoa, Soloman Islands, Tonga, Vanuata, Papua New Guinea | 04/09/2013            | 13/03/2019      | 2,000           | Y              | Asian Farmers Association for Sustainable Rural Development (AFA) in partnership with La Via Campesina |
| 2000000108 | Project to document global best practices on sustainable models of pro-poor rural financial services in developing countries    | P.R.China, India, Indonesia, Philippines, Thailand  | 28/02/2014            | 30/09/2018      | 1,100           | Y              | Asia-Pacific Rural and Agricultural Credit Association (APRACA)  |
| 2000000094 | Reducing risks and raising rice livelihoods in Southeast Asia through the Consortium for Unfavorable Rice Environments (CURE 2) | Cambodia, Lao PDR, Indonesia, the Philippines, Thailand, Viet Nam, and Myanmar (core beneficiaries). Plus Nepal, India, and Bangladesh                                  | 13/03/2014            | 30/09/2018      | 1,500           | Y              | International Rice Research Institute (IRRI)   |
| 2000000099 | Climate Smart, Tree-Based, Co-Investment in Adaptation and Mitigation in Asia (Smart Trees -Invest)                             | Indonesia, the Philippines, Viet Nam  | 13/03/2014            | 30/09/2017      | 1,500           | Y              | ICRAF  |
| 2000001022 | Asia Training Programme for Scaling Up Pro-Poor Value Chains  | Bangladesh, China, India, Indonesia, Lao People's Democratic Republic, Myanmar and Viet Nam   | 21/01/2016            | 30/09/2021      | 2,000           | Y              | Helvetas Swiss Intercooperation  |
| 2000000995 | Strengthening smallholder ...   | ...   | 31/03/2016            | 30/09/2019      | 1,500           | Y              | CIFOR  |
| 2000001276 | Farmers fighting poverty - Food security initiatives of farmers' organizations in a regional perspective (ASEAN) (FFP/ASEAN)    | Cambodia, Indonesia, Laos, Myanmar, Philippines, Thailand and Vietnam   | 06/05/2016            | 12/03/2020      | 6,700,000 Euro  | N (EU)         | Agricord   |
| 2000000361 | Agricultural transformation and market integration in the ASEAN region: responding to food security and inclusiveness concerns  | ASEAN member states. Cambodia, Lao PDR, Myanmar, the Philippines, and Viet Nam will be specifically targeted.   | 17/05/2016            | 31/12/2021      | 2,500           | Y              | International Food Policy Research Institute (IFPRI)   |
| 2000001650 |   | Cambodia, Indonesia, Malaysia, Lao PDR, the Philippines, Thailand, Viet Nam (and  | 29/04/2019            | 31/12/2024      | 3,500           | Y              | ASEAN  |



| Grant ID  | Name  | Countries included                                       | Date of effectiveness | Date of closing | Amount in US\$000s | in IFAD funded | Recipient   |
|---|---|--|-----------------------|-----------------|--------------------|----------------|---|
|   |   | Singapore and Brunei Darussalam, non-IFAD member states) |                       |                 |                    |                |   |
| 2000003473  | AFA for Sustainable Rural Development: Assuring Resiliency of Family Farmers (ARISE-Farmers) amidst COVID-19  |  | 2021                  | 2022            | 2,000              | Y              | Asian Farmers Association for Sustainable Rural Development (AFA) |
| <b>The Indigenous Peoples Assistance Facility</b> |   |  |                       |                 |                    |                |   |
| N/A   | Local Value Strengthening in Village and Indigenous Forest Community-Based Management in Merangin District, Jambi, Indonesia. IP groups: Orang Bathin and Orang Penghulu                                |  | 2019                  |                 | 38,320             | N              | Satunama Foundation (IPAF)  |
| N/A   | Strengthening indigenous Dayak Jawatn communities' capacity (especially indigenous women) in three villages to manage their indigenous forest/territory sustainably (Indonesia). IP group: Dayak Jawant |  | 2015                  |                 | 40.067             | N              | Aliansi Masyarakat Adat Nusantara Kalimantan Barat (IPAF)         |

Source: IFAD Oracle Business Intelligence; Grant Status Report tool; Operations Document Centre; IFAD IPAF webpage, February 2021.

## B. Other grants implemented in Indonesia 2013-2021

| Grant ID   | Name   | Financier | Amount in US\$000s | Co-financier(s) US\$000s   | Countries included   | Date of effectiveness | Date of closing | Recipient               |
|------------|--|-----------|--------------------|--|--|-----------------------|-----------------|-------------------------|
| 1000003474 | Rehabilitation and Sustainable Use of Peatland Forests in South East Asia (APFP) | GEF(4)    | 4,300              | Government (8,615)<br>Others (1,146)<br>IFAD (445)                                 | Indonesia, Malaysia, the Philippines, Viet Nam (and Singapore and Brunei Darussalam, non-IFAD member states) | 28/07/2009            | 31/12/2014      | ASEAN Secretariat       |
| 2000000956 | SMPEI  | GEF(5)    | 4,766              | Government (14,950)<br>Private sector (9,000)<br>IFAD (500)                        | Indonesia  | 17/07/2017            | 03/2022         | Government of Indonesia |
| 2000000957 | IMPLI  | GEF(6)    | 4,896              | Government (17,200)<br>Private sector (3,571)<br>Beneficiaries (851)<br>IFAD (750) | Indonesia  | 22/07/2020            | 31/03/2026      | Government of Indonesia |

Source: IFAD Oracle Business Intelligence, November 2020; grant documents.

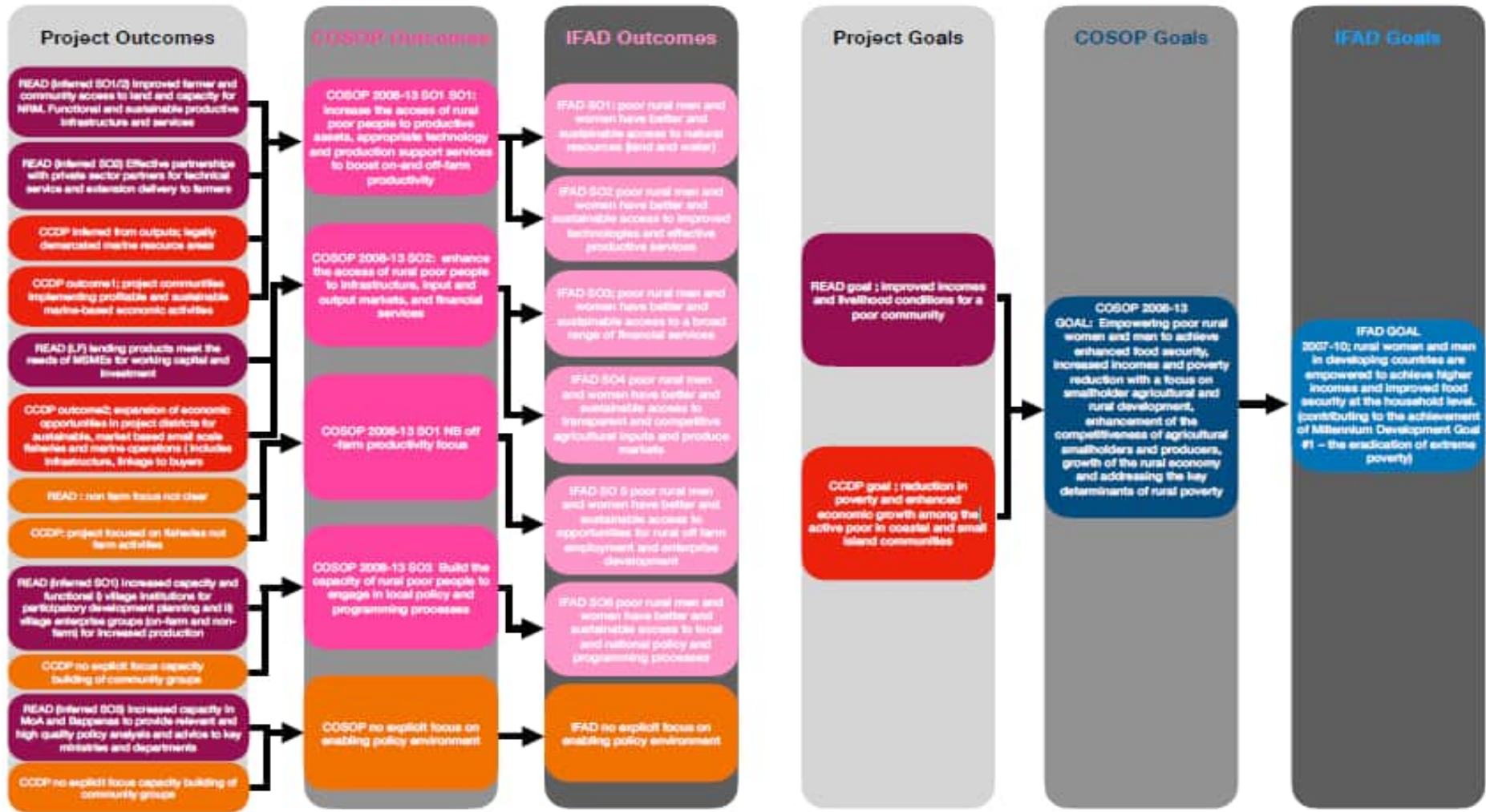
## Timeline of IFAD-supported project portfolio from 2008

|   | 2008  | 2009                                  | 2010                             | 2011                                    | 2012 | 2013                                     | 2014  | 2015                              | 2016 | 2017                               | 2018  | 2019                         | 2020  | 2021                           | 2022 | 2023 | 2024 | 2025 | 2026 |  |  |
|---|---|---------------------------------------|----------------------------------|---|------|--|---|-----------------------------------|------|------------------------------------|---|------------------------------|---|--------------------------------|------|------|------|------|------|--|--|
| <b>Key events</b>   | West Java earthquake<br>Padang earthquake   |                                       |                                  | Farmers protection<br>& empowerment law |      | Village<br>law                           |   | Ministry of Villages<br>created   |      |                                    | Lombok and Palu<br>earthquakes & tsunami                |                              | COVID-19 pandemic                           |                                |      |      |      |      |      |  |  |
| <b>National plans</b>   | RPJMN 05-09   |                                       | RPJMN Medium-term plan 2010-2014 |   |      |  | RPJMN Medium-term plan 2015-2019                    |                                   |      |                                    | RPJMN Medium-term plan 2020-2024                        |                              |   |                                |      |      |      |      |      |  |  |
|   |   |                                       |                                  |   |      |  | Ministry of Agriculture Strategic Plan<br>2015-2019 |                                   |      |                                    | Grand Strategy of Agricultural Development<br>2013-2045 |                              |   |                                |      |      |      |      |      |  |  |
| <b>IFAD COSOPs</b>  |   | COSOP 2009-2013                       |                                  |   |      | Interim country<br>strategy<br>2014-2015 |   | COSOP 2016-2019, extended to 2022 |      |                                    |   |                              |   |                                |      |      |      |      |      |  |  |
| <b>IFAD loan<br/>financed<br/>projects</b>                          |   | READ (US\$22m/28m) 6.1 years          |                                  |   |      | closing                                  |   |                                   |      |                                    | READSI (US\$41m/55m) 5 years                            |                              |   |                                | cl   |      |      |      |      |  |  |
|   |   | PNPM/VDP (US\$69m/217m) 9.8 years     |                                  |   |      |  |   |                                   |      | cl                                 |   | TEKAD (US\$34m/702m) 6 years |   |                                |      | cl   |      |      |      |  |  |
|   |   |                                       | SOLID (US\$50m/65m) 7.6 years    |   |      |  | closing   |                                   |      |                                    |   |                              |   |                                |      |      |      |      |      |  |  |
|   |   |                                       |                                  | CCDP (US\$26m/43m) 5.2 years            |      |  |   | cl                                |      |                                    |   |                              |   |                                |      |      |      |      |      |  |  |
|   | Actual IFAD financing<br>(loans and grants) out<br>of total project cost.<br>Project duration |                                       |                                  |   |      |  |   |                                   |      |                                    | IPDMIP (US\$100m/853m) 6.1 years                        |                              |   |                                | cl   |      |      |      |      |  |  |
|   |   |                                       |                                  |   |      |  |   |                                   |      |                                    |   |                              |   | YESS (US\$57m/73m) 6 years     |      |      |      | cl   |      |  |  |
|   |   |                                       |                                  |   |      |  |   |                                   |      |                                    |   |                              |   | UPLANDS (US\$50m/152m) 5 years |      |      |      | cl   |      |  |  |
| <b>GEF grant<br/>financed<br/>projects</b>                          |   | APFP - GEF4 (US\$4m/0.4m/15m) 4.9 yrs |                                  |   |      | cl                                       |   |                                   |      |                                    |   |                              |   |                                |      |      |      |      |      |  |  |
|   |   |                                       |                                  |   |      |  |   |                                   |      | SMPEI - GEF5 (US\$5m/0.5m/29m) 4.2 |   |                              |   | cl                             |      |      |      |      |      |  |  |
| GEF grant / IFAD grant<br>/ total project cost.<br>Project duration |   |                                       |                                  |   |      |  |   |                                   |      |                                    |   |                              | IMPLI - GEF6 (US\$5m/0.75m/22.4m) 5.2 years |                                |      |      | cl   |      |      |  |  |

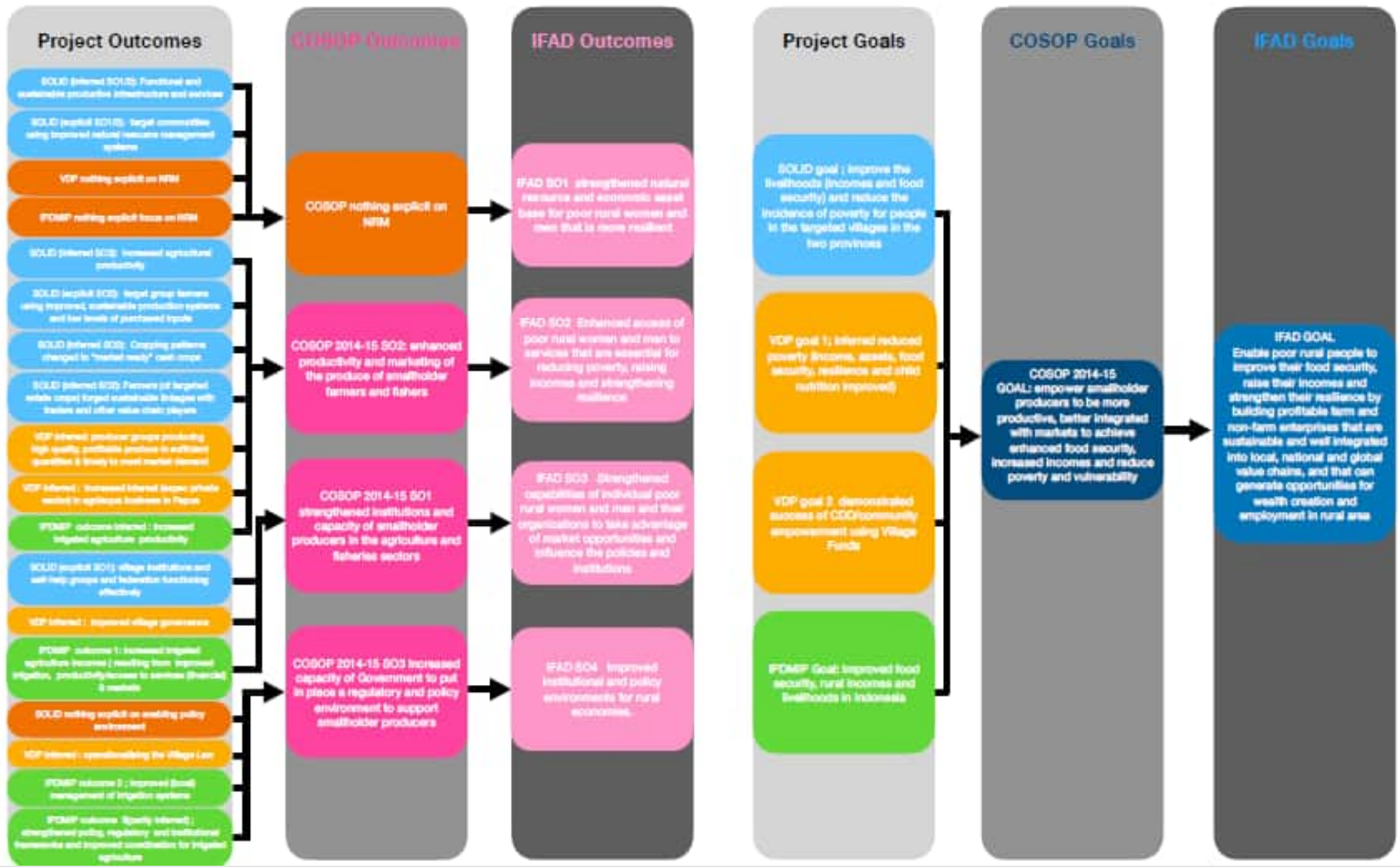
Source: Indonesia CSPE elaboration.

# Theories of change

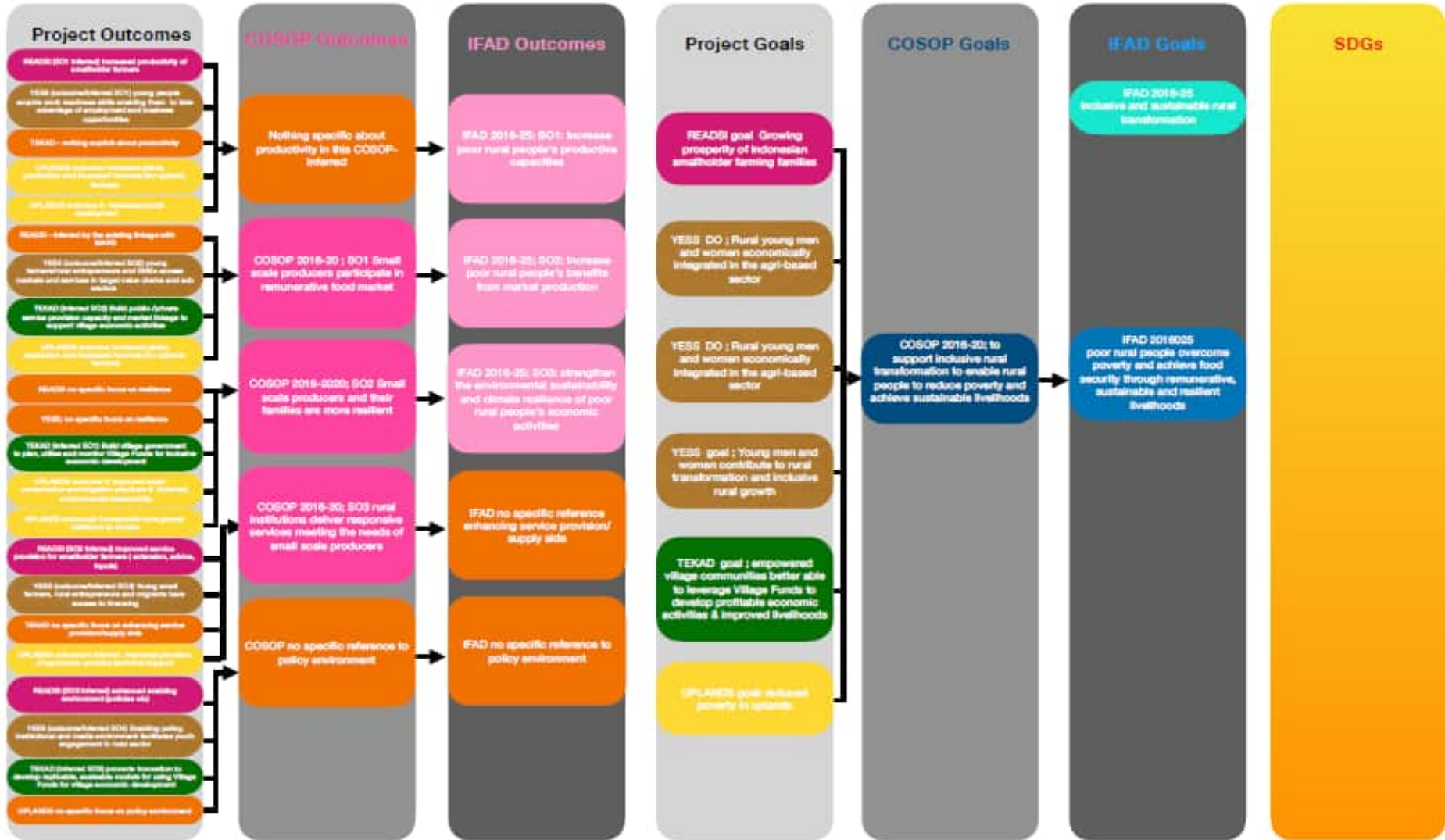
ToC #1; 2008 - 2013



ToC #2; 2014 - 2015



ToC #3; 2016 - 2025



## List of key persons met

### Government

#### Ministry of National Development Planning

Abdul Malik Sadat Idris, Director of Water Resources and Irrigation

Anang Noegroho, Director of Food and Agriculture

Mia Amalia, Director for Local Development

RD Siliwanti, Director for Multilateral Foreign Financing

Rosianna Sianipar, Former Development Planner at Multilateral Foreign Funding Directorate

Wiwien Apriliani, Coordinator for Multilateral Funding of United Nations and Global Cooperation

#### Ministry of Agriculture

Ade Candradijaya, Head of Foreign Cooperation Bureau

Bustanul Arifin Caya, Project Director of IPDMIP

Idha Widi Arsanti, Project Director YESS

Leli Nuryati, Project Director READSI

Rahmanto, Project Director UPLANDS

#### Ministry of Village, Development of Disadvantaged Regions and Transmigration

Cece Yusuf, Head Planning and Cooperation Bureau

Leroy Samy Uguy, Project Director of TEKAD

#### Ministry of Finance

Eko NP, Policy Analyst of Fiscal Policy Agency

#### Ministry of Environment and Forestry

SPM Budisusanti, Project Director of SMPEI

### International and donor institutions

#### Asian Development Bank

Eric Quincieu, Senior Water Resources Specialist Environment

#### IFAD

Anissa Lucky Pratiwi, Country Programme Analyst

Candra Samekto, Former Environment Climate Officer

Dilva Terzano, Natural Resources and Project Financing Management Specialist

Fabrizio Vivarini, Finance Officer

Irene Li, Finance Officer

Isabel de la Pena, Former Nutrition and Value Chains specialist

Ivan Cossio-Cortez, Director of Indonesia Country Office

Lilis Suharti, Regional Financial Officer for Asia Pacific Region

Mariam Rikhana, Former Project Management Specialist for Indonesia Country Office

Mattia Prayer Galletti, Former Indonesia Country Programme Manager

Mawira Chitima, Former Project Technical Lead of UPLAND

Michael Hamp, Project Technical Lead of TEKAD, YESS, IPDMIP

Mohamad Iskandar, Country Operations Analyst for Indonesia Country Office

Nicolas Syed, Programme Officer for Indonesia Country Office

Richard Abila, Senior Technical Specialist - Fisheries & Aquaculture

Ron Hartman, Former Indonesia Country Director

Rosella Bartoloni, Former Country Programme Manager Indonesia

Roshan Cooke, Former Climate Change Adviser

Sarah Hessel, Former Programme Officer for Asia Pacific Region

Shankar Kutty Achuthan, Senior Procurement Officer

Tawfiq El-Zabri, Former M&E Officer for Asia Pacific Region

Tom M. Anyonge, Lead Technical Specialist – Youth, Rural Development, and Institutions

Virginia Cameron, Senior Finance Officer

### **IFAD consultants**

Agnès Deshormes, Team Leader Consultant  
Andrew Macpherson, Team Leader Consultant  
Bobby Anderson, Consultant  
Ratih Widyaningsih, Gender and Social Specialist  
Pari Baumann, Gender Specialist  
Philip Young, Farming System Consultant  
Stania Yasin, Indonesia Country Office M&E Consultant  
Sumaryo Soemardjo, Financial Management and Procurement Consultant  
Thierry Mahieux, Rural Finance and Business Development Specialist  
Tony Ryan, Consultant  
Umi Hanik, YESS M&E Consultant

Islamic Development Bank

Yerzhan Jalmukhanov, Operations Team Leader  
Nedzad Ajanovic, Chief Product Partnership Directorate Product Partnership Directorate  
Adhi Dipo, Programme Officer

World Bank

Jan Joost Nijhoff, Senior Agriculture Economist & Task Team  
Scott Guggenheim, Senior Social Policy Adviser for the AusAID-Indonesia Partnership Program and Former Lead Social Scientist for East Asia and Pacific

### **Non-governmental organizations and associations**

MADANI - Indonesia Civil Society Support Initiative  
Hans Antlov, Chief of Party

### **Private sector**

Fay Fay Choo, Asia Director of Cocoa Sustainable Sourcing, Mars, Incorporated  
Marcel Stallen, Fresh Studio Innovations Asia

### **Research and training institutions**

World Agroforestry

Beria Leimona, Senior Expert Landscape Governance and Investment  
Betha Lusiana, Senior Ecological Modeller



## Qualitative analysis of project data collection in the country programme

1. **Assessment of effectiveness is hampered by a number of shortcomings**, including inconsistency in the articulation of the hierarchy of results chains, use of terminology without sufficient explanation and generally inadequate identification of appropriate indicators and weak monitoring systems. Furthermore, several of the projects underwent substantial re-design at mid-term which further reduced the validity of baseline-endline comparisons. Concerns with rigour in the selection of comparators used in outcome and impact studies and the lack of attention to documenting change not attributable to projects that may have differentially affected project and non-project locations (e.g. rural electrification, road access) also hampers the opportunity to infer both effectiveness and impact.
2. **There is inconsistency across projects in logical frameworks and ToCs** including inconsistent articulation of objective statements, different interpretation of hierarchies in results chains as well as use and understanding of different terminologies (results, objectives, outcomes, etc.). These inconsistencies made construction of ToCs to underpin the evaluation extremely challenging. It was necessary to nest ToCs within three phases to ensure that project portfolios are evaluated in the context of the relevant COSOP periods.<sup>1</sup> As shown in annex II, objectives had to be inferred from project documents and interpretation of intent in order to align the projects hierarchically. IPDMIP was found to be particularly weak in linking the output, outcome and impact levels in its theory of change. READSI's results hierarchy confused outcomes and impact. For example, outcome 1 refers to demand-side interventions and is stated as 'improved household incomes and livelihoods are enabled through improved productivity and profitability of farm and non-farm activities and better management of household finances and nutrition'. However, the use of the word 'through' clearly points to the existence of two levels in the results chain with 'improved household incomes and livelihoods' being a result of improved productivity and profitability, which in turn is the result of knowledge gained from training/extension and access to improved inputs and services. Outcome 2 refers to service provision but confuses immediate and long-term outcomes (e.g. immediate outcome; good quality active local private service providers offering services and long-term outcome; local private service providers used by farmers).
3. As well as inconsistent application of results chain logic, the language used in objective statements in several places needed further clarification and unpacking to ensure common understanding among project stakeholders but also to ensure that appropriate indicators were being used to measure the objectives. Terms such as livelihoods, rural transformation, community empowerment, social capital were not universally understood and indicators did not adequately capture the intentions behind the use of these terms.
4. **Weak monitoring systems across most projects have led to uncertainty in terms of assessing effectiveness.** The monitoring frameworks primarily comprise overall targets for various interventions and data is cumulatively gathered at the local level. There is no means to verify if the numbers are unique beneficiaries or are the same beneficiaries receiving multiple inputs/services. Field observations confirmed that M&E staff are primarily concerned with data entry and occasions when data is analysed are rare if at all. Consultants contacted confirmed that data provided to them by projects was weak and that review of effectiveness relied too much on anecdotal evidence. Verification exercises frequently commented on the lack of evidence to back-up effectiveness claims. Targets have often been scaled down at MTRs but also actual numbers vary between documents. For example, READ noted

<sup>1</sup> COSOP (2008-2013), Interim COSOP (2014-2015) and COSOP (2016).

a target of 48,700 households (Appraisal Report 2000) but the PCR claimed the target was 45,000. SOLID target 49,500 at appraisal as reduced to 40,350 at MTR and the PCR uses a different target of 33,600.

### **Impact study shortcomings**

5. The main body of the report refers to design and data shortcomings in impact studies undertaken by projects which, in turn, cast doubt on the validity of the findings. These are elaborated in more detail here;
  - **Data quality.** No impact study data is available from VDP and PCR data is not comparative and not clear. For instance, the claim of a 20 per cent increase of households' income in VDP is not validated by any data comparison or explanation of how the increase was calculated.
  - **Sample sizes.** Both READ and SOLID impact studies used a 900 sample (30 x 30 clusters) of beneficiaries HHs as required by the ToRs and IFAD RIMS Practical Guidance Manual for Impact Surveys. However, high variance in population size of selected clusters/villages is not taken into account. In the READ impact study, village population ranges from 40 to 208 HH. Yet, in each cluster, 30 samples were fielded, exposing the study to the risk of being overrepresented by certain clusters. Samples of CU5 for anthropometrics were both small and not age-matched.
  - **Comparator quality.** Standard norms, such as presenting balance test of households' baseline characteristics (or characteristics which do not change over time) were not employed. This casts doubt on how comparable the 'control groups' were to the project/intervention groups. Results tables indicate that there are many differences at baseline between project and non-project households which suggests that the comparators were not well matched (e.g., SOLID). Despite having a 'control' many of the tables presented in the SOLID Impact study only compare baseline and end line - referring to the latter as 'impact' and making no reference to the 'control' (e.g. tables 12, 14, 15). For example, land increase is noted as significant for SOLID beneficiaries, but the control data is not given although the narrative says it is larger for non-SOLID HH. Such presentation of data is misleading without careful scrutiny
  - A further aspect of concern revealed through field visits is that when a project works in a particular location, other benefits which are not necessarily a direct result of the project are also provided. For example, those farmers within a project area are prioritized for free or subsidized inputs, which may be at the expense of timely and sufficient provision to non-project households. Extension officers are also encouraged to visit project sites more than their usual catchment areas. This inevitably distorts the comparability of 'controls'.
  - **Lack of attention to comparable timing of baseline/endline studies.** SOLID and CCDP PCRs compared baseline and end line. While there is no mention of when the SOLID baseline was undertaken, CCDP RIMS 2013 (baseline) was completed in October-November 2013 and its endline data collected in June-July 2017. There were no disclaimers in either project explaining how they accounted for different data collection timings in their impact analysis. Seasonality issues in agriculture and fishing are extremely important and affect income, cash flow, levels of indebtedness, food intake (quantity and quality).
  - **Lack of statistical analysis.** The potential use of data collected across the projects were not exploited optimally (except CCDP impact study undertaken by RIA from HQ). With the data available, various statistical analyses should have been applied to demonstrate genuine impact attribution and robustness of the findings. Propensity score matching could have been applied to READ quasi-experimental data where endline information for both READ and non-

READ households was available. SOLID could have utilized difference-in-difference methodology given that both SOLID and non-SOLID data were available at baseline and endline. Yet, only limited statistical differences (p-value) across indicators were presented.

- Despite claims in the READ Impact Study 2104 of using double differences in its impact analysis (see p. 11), the results presented merely compare READ vs non-READ households at endline with nearly zero statistical test of difference result presented.
- Use of questionable data computation techniques e.g., READ collected annual income data - which is notoriously unreliable - by asking survey respondent to recall household income on average per year for household members who routinely earn cash (survey question; What is the household income on average per year (including the head of the family and family members) who routinely earn cash). Recall income was required to be estimated for the entire year. The tendency for under-reporting at baseline (in anticipation of qualifying for assistance) was not examined through alternative evaluation methods and the high discrepancy between income increase (81 per cent) and total expenditure increase (14 per cent) reported in SOLID impact study confirms such a flaw. Eastern Indonesia was at the time still transforming to a cash-based society. There was a failure to include non-cash savings and in-kind arrangements, especially in fishing communities, were not accounted for.
- Presentation of data. Much of the presentation of data is misleading. For example, looking at table 15 in the SOLID impact study it is clear that the conclusion that SOLID beneficiaries increased their land size is questionable as land size is actually greater for non-SOLID respondents. In addition, household, livestock, and production assets are presented in terms of number of units instead of other more meaningful indicators such as percentage of ownership or tropical livestock units (TLU).
- No or very weak qualitative data was gathered to interpret quantitative survey data or examine non-project contributors to change.
- No assessment of inherent bias in the surveys or the way respondents may answer questions. Non-beneficiaries often purposely depress their income and asset ownership in the hope of becoming beneficiaries in the future.
- There was no assessment of other projects/development initiatives working in the areas previously or concurrently with the IFAD project to understand the extent of attribution and contribution that could be deduced. For example, interviews have confirmed that only groups which existed before the project have shown any evidence of benefits or potential to sustain.
- Disaggregation by commodity and/or enterprise would have provided important insights into what activities have greater impact. For example, not all enterprise activities were well conceived and would not have been expected to yield profits (e.g., small value additions of making banana chips for local sale). Without disaggregation, the success of some enterprises is diluted.

## Efficiency, impact and performance of partners analysis

Table a  
CSPE portfolio timeline between IFAD Executive Board approval and first disbursement

| <i>Project name</i>                | <i>Approval to signing</i> | <i>Signing to effectiveness</i> | <i>Approval to effectiveness</i> | <i>Effectiveness to 1st disbursement</i> | <i>Approval to 1st disbursement</i> |
|------------------------------------|----------------------------|---------------------------------|----------------------------------|--|-------------------------------------|
| READ                               | 23.67                      | 23.87                           | 47.53                            | 3.50                                     | 51.03                               |
| VDP (ex-PNPM)                      | 9.57                       | 1.47                            | 11.03                            |  | Data not available                  |
| SOLID                              | 1.80                       | 0                               | 1.80                             | 4.37                                     | 6.17                                |
| CCDP                               | 1.07                       | 0                               | 1.07                             | 3.70                                     | 4.77                                |
| IPDMIP                             | 13.87                      | 0.00                            | 13.87                            | 5.00                                     | 18.87                               |
| READSI                             | 3.20                       | 0.60                            | 3.80                             | 4.20                                     | 8.00                                |
| YESS                               | 2.20                       | 3.90                            | 6.10                             | 3.70                                     | 9.80                                |
| TEKAD                              | 1.77                       | 0                               | 1.77                             | 6.67                                     | 8.43                                |
| UPLANDS                            | 0.40                       | 0                               | 0.40                             | 6.53                                     | 6.93                                |
| <b>Indonesia portfolio average</b> | <b>6.39</b>                | <b>3.31</b>                     | <b>9.71</b>                      | <b>4.71</b>                              | <b>14.25</b>                        |
| <b>APR regional average*</b>       | <b>-</b>                   | <b>-</b>                        | <b>6.90</b>                      | <b>9.88</b>                              | <b>16.78</b>                        |

\* Average for projects approved between 2004 and 2021.  
Source: Analysis of data from Oracle Business Intelligence.

Table b  
CSPE consolidated table to show impact on average monthly household income (in IDR), by project

| <i>Project</i> | <i>Baseline</i> | <i>Endline</i> | <i>% Dif.</i> | <i>Non-Beneficiaries</i> | <i>Beneficiaries</i> | <i>% Dif</i>                | <i>National Statistics</i> |
|----------------|-----------------|----------------|---------------|--------------------------|----------------------|-----------------------------|----------------------------|
| READ           | -               | -              | -             | 641 325                  | 1 130 382            | 76%                         | 11 156 142                 |
| SOLID          | 1 161 600       | 2 107 080      | 81%           | 1 967 798                | 2 107 080            | 7%                          | 10 770 948                 |
| CCDP           | -               | -              | -             | 13 408 394               | 19 521 524           | Significant positive impact | 13 219 645                 |

Source: READ Final Impact Survey 2014, comparison of Non-READ and READ households in 2014, p.181. CSPE Team standardize the data from yearly into monthly by dividing the income by 12. SOLID PCR 2019 compared household income between 2012 and 2018, and SOLID and non-SOLID income in 2018. According to the PCR, an 81 per cent income increase is in real term (adjusted with inflation). CSPE Team converted the income data from per capita into per household by multiplying the average monthly income per capita with the average household size in Maluku and North Maluku, according to Indonesia Statistics Agency in 2016 (latest available). Source: <https://www.bps.go.id/indicator/12/148/1/rata-rata-banyaknya-anggota-rumah-tangga.html>. CCDP Impact Study 2019 measured household net income for fisher households in 2018 (yearly in US\$). CSPE Team standardized the income data to monthly basis by dividing the income by 12 and converted it to IDR by multiplying it with the average exchange rate in September 2018 (US\$ 1 = IDR 14857.92) when the data was fielded. Source of exchange rate: <https://currencies.zone/historic/us-dollar/indonesian-rupiah/september-2018>. National statistics - Source: Indonesia Statistics Agency (2021). Average Regional GDP at end line year (2014 average of READ province, 2018 average of SOLID provinces, and 2018 average of CCDP provinces). CSPE Team standardized the income to monthly basis by dividing the income by 12 and to household level by multiplying the numbers with average household number in 2014 for READ and in 2016 for SOLID and CCDP (latest data available).

Table c

**CSPE consolidated table of impact on the proportion of household owning asset, by type of asset**

| Indicator             |                    | READ     |      | SOLID    |         | CCDP      |                             |         |
|-----------------------|--------------------|----------|------|----------|---------|-----------|-----------------------------|---------|
|                       |                    | Non-READ | READ | Baseline | Endline | Non-SOLID | Baseline                    | Endline |
| Asset ownership index |                    | -        | -    | 37%      | 54%     | 44%       | Not significant effect      |         |
| Household assets      | Electricity        | 79%      | 88%  | -        | -       | -         | 92%                         | 100%    |
|                       | Radio              | 9%       | 7%   | -        | -       | -         | 18%                         | 24%     |
|                       | Television         | 55%      | 68%  | 17%      | 59%     | 63%       | 80%                         | 82%     |
|                       | Refrigerator       | 15%      | 23%  | -        | -       | -         | 36%                         | 51%     |
|                       | Bicycle            | 16%      | 18%  | 2%       | 13%     | 13%       | 20%                         | 22%     |
|                       | Motorcycle         | 57%      | 65%  | 8%       | 44%     | 34%       | 43%                         | 61%     |
|                       | Vehicle            | 1%       | 1%   | -        | -       | -         | 2%                          | 3%      |
|                       | Handphone          | 62%      | 70%  | -        | 98%     | 104%      | 71%                         | -       |
|                       | Other              | 4%       | 4%   | -        | -       | -         | 26%                         | 10%     |
| Productive assets     | Sickel             | -        | -    | -        | 109%    | 80%       | Not significant effect      |         |
|                       | Hoe                | 55%      | 57%  | -        | 91%     | 60%       |                             |         |
|                       | Spray pests        | -        | -    | -        | 36%     | 10%       |                             |         |
|                       | Water pumps        | -        | -    | -        | 10%     | 3%        |                             |         |
|                       | Corn sheller       | -        | -    | -        | 3%      | 0%        |                             |         |
|                       | Thresher           | -        | -    | -        | 3%      | 0%        |                             |         |
|                       | Animal-drawn plow  | 1%       | 2%   | -        | -       | -         |                             |         |
|                       | Tractor-drawn plow | 23%      | 39%  | -        | -       | -         |                             |         |
|                       | Power tiller       | 4%       | 2%   | -        | -       | -         |                             |         |
| Livestock assets      | Poultry/chicken    | 41%      | 46%  | 123%     | 212%    | 237%      | Significant negative impact |         |
|                       | Goat               | 6%       | 5%   | 7%       | 19%     | 5%        |                             |         |
|                       | Cattle             | 12%      | 15%  | 32%      | 23%     | 18%       |                             |         |
|                       | Other animal       | 13%      | 15%  | -        | 15%     | 13%       |                             |         |

Source: SOLID Impact Study 2018 constructed asset ownership index from asset ownership and housing quality variables. The weight is estimated using Principal Components Analysis.

CCDP Impact Study 2019 constructed asset ownership index from durable asset ownership and dwelling quality variables. The weights are estimated using Principal Components Analysis and also Multiple Correspondence Analysis.

READ PCR 2015, compared asset ownership of Non-READ and READ households in 2014.

SOLID Impact Study 2018 compared household, productive, and livestock assets in 2012 and 2018. The study reported number of units of each asset type, hence, CSPE Team divided the number by total sample (900 for SOLID and 330 for non-SOLID) to obtain the proportion of households owning asset in %.

Goats and sheep were counted as one category in this study. CCDP PCR 2018 compared household asset ownership between 2013 and 2017 (based on RIMS 2013 and RIMS 2017). For productive assets, CCDP Impact Study 2019 measured fishing asset index as CCDP programme is targeted for fisheries activities. Livestock assets in CCDP Impact Study 2019 were measured in tropical livestock units (TLU).

Table d

**CSPE consolidated table of proportion of households experience food insecurity**

| Indicator  | READ     |      |          |         | SOLID     |          |         | CCDP |  |
|--|----------|------|----------|---------|-----------|----------|---------|------|--|
|  | Non-READ | READ | Baseline | Endline | Non-SOLID | Baseline | Endline |      |  |
| First hungry season                                    | 30%      | 19%  | -        | -       | -         | 34%      | 2%      |      |  |
| Second hungry season                                   | 15%      | 5%   | -        | -       | -         | 11%      | 0%      |      |  |
| Poor consumption (based on Food Consumption Score/FCS) | 37%      | 33%  | 17%      | 1%      | 1%        | -        | -       |      |  |

Source: READ Final Impact Survey 2014, comparison of Non-READ and READ households in 2014. SOLID Impact Study 2018 compared FCS in 2012 and 2018, and non-SOLID household in 2018. CCDP PCR 2018, comparison between 2013 and 2017.

Table e

**CSPE consolidated table on impact on children under five years nutritional status**

| Indicator  | READ     |      |                     | SOLID    |         |           | CCDP                |          |         |                     |
|--|----------|------|---------------------|----------|---------|-----------|---------------------|----------|---------|---------------------|
|  | Non-READ | READ | National Statistics | Baseline | Endline | Non-SOLID | National Statistics | Baseline | Endline | National Statistics |
| Acute malnutrition/wasted children (weight for height) | 7%       | 9%   | 13%                 | 11%      | 12%     | 12%       | 13%                 | 13%      | 9%      | 12%                 |
| Chronic malnutrition/stunted children (height for age) | 48%      | 39%  | 32%                 | 61%      | 6%      | 19%       | 35%                 | 46%      | 33%     | 30%                 |
| Underweight children (weight for age)                  | 9%       | 4%   | 23%                 | 17%      | 7%      | 25%       | 24%                 | 23%      | 5%      | 23%                 |

Source: READ Final Impact Survey 2014, comparison of Non-READ and READ households in 2014. SOLID PCR 2019 and SOLID Impact Study 2018 compared children nutritional status between 2012 and 2018, and non-SOLID household in 2018. CCDP PCR 2018, comparison between 2013 and 2017. National statistics - Source: Riskesdas (2018). Average prevalence of stunted children in 2018 at READ districts, SOLID districts, and CCDP districts. Average prevalence of wasted and underweight children (0-59 months) in 2018 at READ province, SOLID provinces, and CCDP provinces.

Table f  
Number of missions per project per year

| <i>Project</i>             | 2009     | 2010     | 2011     | 2012     | 2013     | 2014     | 2015     | 2016     | 2017     | 2018     | 2019     | 2020     | 2021     | <i>Total Missions</i> |
|----------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------------------|
| READ                       | 1        | 2        | 2        | 2        | 1        | 1        | -        | -        | -        | -        | -        | -        | -        | 9                     |
| VDP (ex-PNPM)              | -        | 2        | 2        | 2        | 3        | 2        | 1        | 2        | 2        | 2        | -        | -        | -        | 18                    |
| SOLID                      | -        | -        | -        | 3        | 2        | 1        | 2        | 3        | 3        | 2        | -        | -        | -        | 16                    |
| CCDP                       | -        | -        | -        | -        | 2        | 1        | 2        | 2        | 2        | -        | -        | -        | -        | 9                     |
| IPDMIP                     | -        | -        | -        | -        | -        | -        | -        | -        | -        | 2        | 3        | 2        | 1        | 8                     |
| READSI                     | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        | 2        | 1        | 2        | 5                     |
| YESS                       | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        | 1        |          | 1                     |
| TEKAD                      | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        | 1        |          | 1                     |
| UPLANDS                    | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        | 1        | 1        | 2                     |
| <b>Total IFAD Missions</b> | <b>1</b> | <b>4</b> | <b>4</b> | <b>7</b> | <b>8</b> | <b>5</b> | <b>5</b> | <b>7</b> | <b>7</b> | <b>6</b> | <b>5</b> | <b>6</b> | <b>4</b> | <b>69</b>             |

Table g  
Planned and actual government disbursements by project

| <i>Project</i>      | <i>Agreement<br/>(000 US\$)</i> | <i>Actual/interim<br/>(000 US\$)</i> | <i>Disbursement rate at<br/>actual/Nov 2021</i> |
|---------------------|---------------------------------|--------------------------------------|---|
| Closed projects     | 41 673                          | 26 100                               | 63%   |
| READ                | 6 748                           | 3 247                                | 48%   |
| VDP (inc PNPM)      | 13 025                          | 5 807                                | 45%   |
| SOLID               | 14 810                          | 10 000                               | 68%   |
| CCDP                | 7 090                           | 7 046                                | 99%   |
| Ongoing projects    | 173 186                         | 610                                  | 0.35%   |
| IPDMIP <sup>a</sup> | 117 963                         | 333                                  | 0.28%   |
| READSI              | 9 606                           | 190                                  | 2%  |
| YESS                | 12 091                          | 50                                   | 0.41%   |
| UPLANDS             | 15 336                          | 27                                   | 0.18%   |
| TEKAD               | 18 191 <sup>a</sup>             | 11 <sup>b</sup>                      | 0.06%   |

<sup>a</sup> Converted from EUR to US\$ (exchange rate at 1.056).

<sup>b</sup> Converted from IDR to US\$ (exchange rate at 0.00007).

Source: Project design, supervision, completion reports (PCRs), PCRVs, PPEs.

## Gender analysis

This annex provides analysis undertaken during the CPSE to support the narrative contained in the main report.

**Distinction between GEWE as a rural development objective and GEWE within implementing organizations has not been fully appreciated in previous assessments.** Table i indicates that all projects have been assessed as moderately to fully satisfactory in terms of GEWE with only CCDP and VDP having their final scores adjusted downwards (in the PCRV) to 4 and 3 respectively. IFAD's gender policy (2012) clearly explains the distinction between GEWE as a rural development objective and GEWE in implementing organization. However, **the GEWE achievement score combines the two elements and may result in misleading assessment of achievement, particularly as the latter is primarily assessed on fulfilling staff gender quotas and provision of gender training.**

Table i  
GEWE Ratings for closed projects

| Project | Programme Management Department/PCR Rating | PCR/PPE rating | Rating disconnect |
|---------|--|----------------|-------------------|
| READ    | 5*   | 5              | 0                 |
| VDP     | 4  | 3              | -1                |
| SOLID   | 5  | 5              | 0                 |
| CCDP    | 5  | 4              | -1                |

\*Improved from 3 at the start of the project.

The VDP PPE (para. 120-128) justification for lowering the rating was based on **poor analysis of the gender dynamics** for Papua/West Papua, **lack of workable women's empowerment focus** and little demonstrable action to include women and enhance their role in group activities. CCDP PCVR (para 57-61) justified the downward rating based on a **lack of evidence to justify positive conclusions** around reduction on women's workload, savings accumulation, enhanced self-esteem and improved household relations.

**GEWE assessments rarely examined the three IFAD SOs of GEWE in rural development adequately.** IFAD's three SOs are economic empowerment, voice and influence and balance in workloads together with share in social and economic benefits. These three objectives remain despite the increasing emphasis on gender transformation. Table ii compiled from analysis of PCRs of closed projects illustrates the shortcomings in reporting against these objectives. Any evidence provided is usually limited to membership of groups or inclusion in outreach rather than benefits such as profits or influence which may accrue from group membership and enhanced knowledge and skills. The table notes that anecdotes and assumptions prevail and that attention to the issue of women's workload is very weak or non-existent.



Table ii  
**Contribution to GEWE SO as noted in PCRs**

| IFAD GEWE SO   | READ   | VDP  | SOLID  | CCDP   |
|--|--|--|--|--|
| SO1 Promote <b>economic empowerment</b> to enable rural women and men to have equal opportunity to participate in, and benefit from, profitable economic activities. | Target of 2 women groups in each village focusing on homestead production (vegetable and/or small livestock) and off farm (processing or kiosk) led to 492 women's groups formed (8025 members)<br><br>No evidence of economic profits   | 44% 'outreach' efforts reached women.<br><br>No women in farmer groups<br><br>No evidence of economic benefits but much made of traditional social norms which inhibit women's participation all of which the PPE questions in light of contemporary evidence  | PCR cites final impact survey (2018) 90% of respondents reported ' <i>men and women have equal opportunities to use family assets, use SOLID loan funds, utilize solid assets and assistance tools and utilize other loan funds</i> '<br><br>But baseline data missing and attribution to project questionable   | 30 % participation in enterprise and 90% participation in savings groups.<br><br>Women reported increase in skills & income and savings<br><br>BUT PCVR noted no quantitative evidence to support this       |
| SO2 Enable women and men to have <b>equal voice and influence</b> in rural institutions and organizations  | 51% participation PCR notes ' <i>Women's participation is considered rare in Central Sulawesi, related to the culture and tradition, where women are never part of decision making, let alone economic activities</i> '<br><br>No evidence for this caveat assumption.<br>No evidence of voice | PCR notes ' <i>Modifying gender roles and relations deeply rooted in the socio-cultural norms in Papua and West Papua is a tall order. The important emphasis on working with women-only groups can be considered as a good first step</i> '<br><br>Assumptions queried by PPE which noted a need for formative research on gender dynamics in Papua/W Papua | PCR cites final impact survey (2018) ' <i>More than 90% reported that both genders have the same opportunity to get something they want, choose the position they want in SHGs, federations and business centres and choose the position they want in an organization other than SOLID. A similar percentage reported that men and women have equal opportunities in determining family decisions, determining decisions in SHGs, federations and business centres, making decisions in other institutions and determining decisions in carrying out activities in the village.</i> '<br><br>But baseline data missing and attribution to project questionable | 35% participation in village working groups.<br><br>Women reported 'CCDP addressed our priorities'<br><br>But PCVR noted reported increased confidence and improved intra-household relations were anecdotal |
| SO3 Achieve a more equitable <b>balance in workloads</b> and in the <b>sharing of economic and social</b> benefits between women and men                             | Not mentioned  | Not mentioned<br><br>PPE noted lack of research into division of labour  | Not mentioned  | Provision of water, energy roads and transport noted as reducing daily workload.<br><br>PCVR notes no evidence for this  |

Table iii shows that in all projects, there are notable gaps in indicators used to measure GEWE achievements (final column).

Table iii  
**Indicators used/intended to be used by projects to measure GEWE showing gaps**

| Project | Main indicators   | Gaps                                     |
|---------|---|--|
| READ    | # groups with women leadership<br># women in community management committees<br># active women savers | Workload<br>Nutrition<br>Savings = proxy |

| Project | Main indicators   | Gaps                                  |
|---------|---|---------------------------------------|
|         | Value of savings mobilized by women<br># active women borrowers<br>Value of gross loan portfolio for women (loans outstanding – loans written off)<br># women receiving training<br># women provided with production inputs and facilities  |                                       |
| VDP     | # women registered as members of farmer groups<br>#numbers of women proposing projects for funding (under PNPM Agriculture)<br># women in rural areas accessing financial services (savings and credit)   | Workload<br>Nutrition<br>Productivity |
| SOLID   | # female persons receiving services promoted/supported by the project<br># groups with women in leadership position<br><i># women in saving and credit groups</i><br><i># women accessing advisory services facilitated by project</i><br><i># women in rural areas accessing financial services</i><br><i># women trained in crop production services</i><br><i>#women trained in income-generating activities</i><br>NB all the italicised indicators had the same target (16,800)  | Nutrition<br>Workload                 |
| CCDP    | # female persons receiving services promoted/supported by the project<br>% reduction in prevalence of child malnutrition – segregated by gender<br># women-headed households reporting adoption of new/improved inputs  | Workload<br>Voice                     |
| IPDMIP  | # female persons receiving services promoted/supported by the project<br># female rural producers accessing production inputs and/or technological packages<br># women in rural areas accessing financial services – savings/credit   | Workload<br>Nutrition<br>Voice        |
| READSI  | # female persons receiving services promoted/supported by the project<br>#women trained and receiving starter kits for integrated homestead gardening<br># women-headed households reporting increase in production<br>#women-headed households reporting using rural financial services<br>#female households provided with targeted support to improve their nutrition<br># women reporting improved quality of their diets<br># female persons in rural areas trained in financial literacy and/or use of financial products or services<br>#female persons trained in crop production practices/technologies<br>#female rural producers accessing production inputs and/or technological packages | Voice<br>Workload<br>Productivity     |
| YESS    | #Number of young women and men finding employment in the agri-based sector<br>#female persons trained in income-generating activities or business management<br>#female persons in rural areas trained in financial literacy and/or use of financial products and services  | Voice<br>Workload<br>Nutrition        |
| TEKAD   | # of women-headed households reached by project<br># female persons receiving services promoted/supported by the project<br># women in rural areas accessing financial services – credit/savings  | Nutrition<br>Voice<br>Workload        |
| UPLANDS | # female persons receiving services promoted/supported by the project<br># women trained in crop production practices and/or technologies<br># women in rural areas accessing financial services (credit)<br># female households reporting improved incomes from improved processing/market linkages  | Nutrition<br>Voice                    |

| Project | Main indicators   | Gaps |
|---------|---|------|
|         | #women trained in income-generating activities or business management |      |

Review of the gender quota targets for staff (table iv) indicates that whilst targets were articulated in designs, there was little follow-up in terms of recording achievement, analysis of trends and no evidence of review of missed targets during the life of projects. Evidence of participation in gender training and training outcomes are not routinely collected.

Gender consultants shared with CSPE that even quotas could be better refined, e.g. per cent of women extensionists provided with transport support to ensure they can visit the field easily.

Within projects there is an expectation that all staff meet GEWE competence standards and training, which is not the case. There are no provisions for tracking staff costs and time dedicated to GEWE.

Table iv  
**Analysis of gender quota staffing targets and achievement**

| Project | Target   | Achievement  | Gender training to staff   |
|---------|--|--|--|
| READ    | No quotas  | n/a  | All 150 village facilitators trained on gender   |
| VDP     | 30% quota for women village facilitators   | 12% (< half target)  | Gender and nutrition training provided to facilitators   |
| SOLID   | 30% quota for women on provincial and district technical committees  | 0% (PPIU)<br>18% (district coordinators)   | No gender-specific training noted  |
|         | 50% quota for women facilitators and extension staff   | No data  |  |
|         | 'encouragement for women to apply for project posts and qualified women given preference'  | No data, although later in the project, there was a woman PD with predominantly female staff |  |
| CCDP    | No quotas  | n/a  | No gender-specific training noted  |
| IPDMIP  | 30% participation of women quota for development activities assumed to apply to staff too.   | Midline survey (2021) noted 51% of field staff (out of 388) are women                        | Intentions to provide GEWE training (lunchtime seminars & workshops), including to staff to help them to recognise gender issues in forming WUA and undertaking participatory rural appraisal. |
| READSI  | 50% quota for women village facilitators   | 32% (108/335 village facilitators)   | No specific gender training  |
| YESS    | 30% quota for women mobilizers/<br>50% quota for women youth facilitators  | No data  | Little detail on any gender training. Mobilizers confirmed that all they were told was to try to ensure quotas reached where possible.   |
|         | All service providers contracted (including consultants) must demonstrate knowledge and experience with GESI principles, responsibilities for GEWE specified in ToRs | No data  | No specific gender training identified   |
| TEKAD   | 40% quota for women staff in national, provincial and district implementation units  | 38% (national)   | Capacity building for all district and sub-district staff on ' <i>gender equitable and socially inclusive village economic development</i> '   |
|         |  | 36% (province)   |  |
|         |  | 34% (district)   |  |

|         |   |                                  |   |
|---------|---|----------------------------------|---|
|         | All service providers contracted must demonstrate knowledge and experience with GESI principles | No data                          |   |
| UPLANDS | 50% quota for woman village facilitators  | No data                          | Staff to receive gender action learning for sustainability (GALS) training bit more emphasis on 10 module commodity-specific training for extension staff |
|         | 50% quota for women provincial management unit and provincial implementation units              | 14% (provincial management unit) |   |

**GEWE has not had adequate supervision support.** Table v. presents the number of times gender specialists were included in supervision missions and appears to be moderately good but obscures the fact that these **consultants were not totally focused on GEWE**. As the ToR for one such consultant indicated, not only was she required to review the status of gender mainstreaming and GEWE (primarily concerned with inclusion of women) but was also required to assess targeting, social mobilization and community facilitation and recommend measures to support farmer group capacity building. Others indicated that being responsible for a range of crosscutting issues (targeting, poverty, nutrition) was acceptable because of the inter-relationships of these issues, but noted that the format of supervision mission reports was dull and inhibited the elaboration of issues which would be useful and provide direction Government of Indonesian forward.

Conclusions made in impact surveys were weak and reinforced widely held assumptions that there is nothing to fix in terms of gender in Indonesia. For example, READ Outcome survey 2014 noted 'Gender equality in which the roles of women and men in the READ and Non READ household in making a living, managing family finances, taking care of family members and conducting activities seen already well developed and in accordance with nature'. The IPDMIP baseline 2019 states 'The data is at least the role of women in farming activities is still limited to activities where it is natural to be carried out by women according to their nature' and implies no requirement to challenge the status quo.

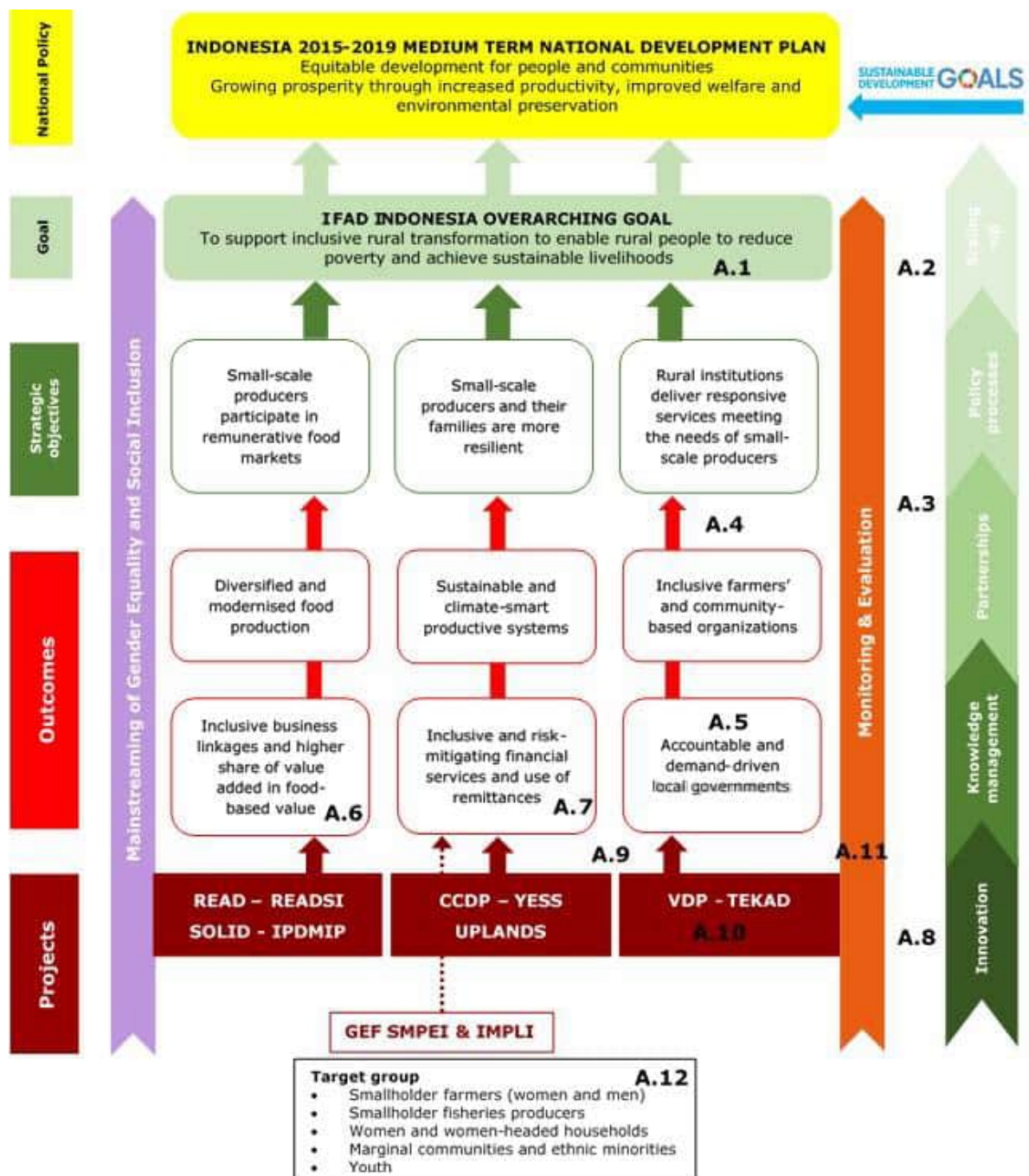
The capacity of both local gender specialists and companies tasked with impact studies to analyse and interpret gender data is weak. Analysis has revealed that many of the companies contracted to undertake IFAD impact studies have construction and engineering specialties and local gender consultants are often co-opted to do this work when their real expertise lies elsewhere. Interviews conducted indicated that in-country gender expertise is considered weak compared to other countries in the region. Generally, they are neither proactive nor able to use gender analytical lenses adequately.

## Gender specialists in supervision and MTR missions

| Project      | Missions                                  |   |  |  |                                       |                                  |                                 |                                    |                         |             |                                |              | Gender/<br>Sociologist<br>present | Missions<br>with<br>missing<br>info | Total<br>missions<br>(as of July<br>2021) |
|--------------|---|---|--|--|---------------------------------------|----------------------------------|---------------------------------|------------------------------------|-------------------------|-------------|--------------------------------|--------------|-----------------------------------|-------------------------------------|---|
| READ         | S1:2009                                   | IS1: 2010                                 | S2:2010<br>Sociologist<br>(FAO)        | MTR 2011<br>Sociologist<br>(FAO)<br>Gender<br>specialist | S3: Not<br>clear                      |                                  |                                 |                                    |                         |             |                                |              | 2                                 | 4                                   | 9   |
| PNPM/VD<br>P | S1:2010<br>Sociologist<br>(FAO)           | S2: 2011                                  | IS2:<br>2011                           | MTR: 2012<br>sociologist                                 | S3: 2013                              | IS4: 2013                        | IS5: 2014                       | IS7: 2016                          | S4: 2014<br>sociologist | S5:<br>2017 | S6:20<br>18<br>sociol<br>ogist | IS8:<br>2018 | 4                                 | 4                                   | 18  |
| CCDP         | IS1 2013                                  | S1 2013:<br>sociologist                   | S2/JR<br>M<br>2014:<br>sociolo<br>gist | IS2: 2015  | MTR:2015<br>sociologist               | JRM;<br>2016                     | JSM;<br>2016                    | JRM, 2017<br>sociologist           |                         |             |                                |              | 4                                 | 0                                   | 8   |
| SOLID        | S1: 2012<br>sociologist                   | S2: 2012<br>Not clear                     | S3:<br>2013<br>sociolo<br>gist         | MTR; 2014<br>sociologist                                 | S4: 2015                              | S5: 2015<br>Gender<br>specialist | S6:2016<br>Gender<br>specialist | IS4: 2017                          | IS5: 2017               | S7:<br>2017 | S8:<br>2018                    |              | 5                                 | 3                                   | 13  |
| IPDMIP       | IS1 2018                                  | S1 2018                                   | IS2<br>2019                            | IS3 2019:<br>Sociologist<br>and gender                   | S2: 2019<br>Sociologist<br>and gender | S3 2020<br>(remote)              | Partial S4<br>2020              | MTR 2021<br>ADB<br>Gender<br>(ADB) |                         |             |                                |              | 3                                 | 0                                   | 9   |
| READSI       | S 1: 2019<br>Sociologist<br>and<br>gender | IS1: 2019<br>Sociologist<br>and<br>gender | S2:<br>2020<br>(remot<br>e)            | IS2: 2021  |                                       |                                  |                                 |                                    |                         |             |                                |              | 2                                 | 0                                   | 4   |
| YESS         | S1 2020<br>remote                         |   |  |  |                                       |                                  |                                 |                                    |                         |             |                                |              | 0                                 | 0                                   | 1   |
| UPLANDS      | S1 2020<br>remote                         | IS1 2021<br>report not<br>uploaded<br>yet |  |  |                                       |                                  |                                 |                                    |                         |             |                                |              | 0                                 | 0                                   | 2   |
| TEKAD        | S1 2020<br>remote                         |   |  |  |                                       |                                  |                                 |                                    |                         |             |                                |              | 0                                 | 0                                   | 1   |

\*includes supervision (S), implementation support (IS), mid-term review (MTR), joint review (JRM) and joint support (JSM) missions. Does not include project completion missions (PCR) and missions with missing reports.

## Mapping of the COSOP 2016 Framework & new projects



### Assumptions

- A.1 Improved household income, food security and nutrition are not undermined by shocks, including natural disasters and the COVID-19 pandemic.
- A.2 The Government values IFAD-supported innovations and supports their scaling-up.
- A.3 A stronger IFAD country presence leads to improved partnership building and policy engagement.
- A.4 Rural people and their institutions are empowered to undertake participatory planning and economic activities.
- A.5 Local governments have the capacity to carry out inclusive development and deliver services to rural people.
- A.6 Implementing partners understand and are able to promote inclusive value chain development and linkages with the private sector
- A.7 Projects forge effective partnerships with financial service providers to better serve small-scale producers
- A.8 Pilot programmes are innovative and demanded by the target group
- A.9 Governmental procedures support timely and effective implementation at national and sub-national levels.
- A.10 Project management units at all levels are able to implement projects in a timely and effective manner.
- A.11 Project M&E systems are established and functional to inform management decision-making, knowledge management, policy engagement and the scaling-up of innovations.
- A.12 IFAD-supported projects reach and benefit the target group.

## Summary information on the loan-funded projects in this evaluation

1. **Rural Empowerment and Rural Agricultural Development Programme in Central Sulawesi (READ)** was approved in December 2004 on an exceptional basis before the loan had been negotiated with the Government. It was later rejected by the Government mainly because of the revised national policy regarding on-lending to local governments for externally borrowed funds. READ was redesigned and approved in September 2006. The total actual cost was US\$23.59 million, financed by IFAD through a loan of US\$21 million and a grant of US\$0.5 million and the Government (Central, Central Sulawesi and District governments). The project was implemented by the MoA and targeted poor households living below the poverty line, especially those in marginal upland areas, in 5 rural districts in Central Sulawesi province. The post-MTR objective was to “strengthen the capabilities of local communities in general and of the rural poor in particular, to plan and manage their own development and improve their livelihood on a sustainable basis”. READ was a community-based development project. It strove to empower groups and their villages to participate in local development processes and improve road, drinking water and irrigation infrastructure. It also supported the development of farming systems and small non-farm business enterprises.
2. **Village Development Programme (VDP), formerly National Programme for Community Empowerment (PNPM: Programme Nasional Pemberdayaan Masyarakat)** was financed by the World Bank and co-financed by the Government and IFAD, whose loan was approved in September 2008. PNPM was a countrywide umbrella, community-driven development (CDD) programme with components such as PNPM-**Urban**, PNPM-Support for Poor and Disadvantaged Areas and PNPM-Rural – the latter receiving IFAD financing in North, Central and South Sulawesi provinces. IFAD also financed a pilot programme in Papua and West Papua called PNPM-Agriculture, which focused on agriculture-oriented livelihood activities. Implementation was discontinued in 2014 after the Government requested operations to be put on hold. The new government brought a new “Village Law” that stipulates increased devolution of responsibilities and power to the village governments. IFAD re-designed the PNPM-Agriculture in Papua and West Papua to be consistent with the new community development approach and the Village Development Programme (VDP) was launched in 2016.
3. About 85 per cent of the US\$68.5 million IFAD loan went towards financing block grants in PNPM-Rural. The remaining 15 per cent went towards the implementation of PNPM-Agriculture and later the redesigned VDP, which closed in June 2019. The MoHA implemented PNPM and the MoV, created in 2015, implemented VDP. VDP’s stated overall goal was “to reduce poverty and improve local-level governance in rural areas through the provision of investment resources to support productive proposals developed by communities, using a participatory planning process.” VDP was the forerunner to TEKAD (see below).
4. **Smallholder Livelihood Development Project in Eastern Indonesia (SOLID)** was approved in May 2011 and closed in July 2020. Total actual project costs were US\$58 million, supported by an IFAD loan of US\$49 million and grant of US\$1 million, as well as the Government. SOLID was implemented by the MoA, in the target eastern provinces of Maluku and North Maluku. The overall objective was to improve the livelihoods (incomes and food security) and reduce the incidence of poverty of rural households. The original design tried to address the lack of social cohesion in the post-conflict area and the broad range of needs at village level, including gender equity and empowerment, food security, agriculture productivity, and value chain engagement. It also contained significant elements of natural resource management, community infrastructure, forestry and fisheries. The main target group were farm

households belonging to the Self-Help Groups and Federations. The project underwent redesign at MTR to make the achievement of the objective more doable and put greater focus on food production and marketing.

5. **Coastal Community Development Project (CCDP)** was approved in September 2012 and closed in June 2018. Total actual costs were US\$45 million, financed by an IFAD loan of US\$24 million and grant of US\$2 million, a loan of US\$7.8 million from the Spanish Trust Fund and the Government and beneficiaries. CCDP was implemented by the MMAF in 12 coastal districts across nine provinces (Papua, Maluku Utara, Maluku, Nusa Tenggara Timur, Nusa Tenggara Barat, Sulawesi Selatan, Gorontalo, Sulawesi Utara, Kalimantan Barat). The goal of CCDP was to reduce poverty and enhance economic growth among the active poor in coastal and small-island communities. This was to be achieved through the objective of increasing household incomes for families involved in fisheries and marine activities. CCDP supported participatory processes to empower communities to establish marine-based economic activities and to determine priorities for the project's support of village-based infrastructure, coastal resource management and enterprise groups. The target group included five sub-groups of households with variable levels of labour availability and assets that enabled access to marketable marine resources.
6. **Integrated Participatory Development and Management of the Irrigation Sector Project (IPDMIP)** was approved in December 2015 and is scheduled for completion in March 2023. The COVID19 pandemic meant that the MTR could not take place in May 2020. Total project costs at design were US\$853 million, supported by an IFAD loan of US\$98.5 million and a grant of US\$1.5 million. In addition, the ADB is providing a loan of US\$600,000 and the Government covers the rest, US\$153 million. IPDMIP covers 74 districts in 16 provinces (5 in Sumatra, 4 in Java, 2 in Kalimantan, 3 in Sulawesi and 2 in Nusa Tenggara). The development objective is to increase the value of sustainable irrigated agriculture. Components focus on 1) irrigated agriculture incomes, 2) irrigation systems infrastructure productivity and services, 3) irrigation systems management, and 4) policy and institutional frameworks for irrigated agriculture. IFAD and AsDB finance activities in components 1 and 2, respectively, and both agencies finance components 3 and 4. The target group of poor rural people comprises poor, near-poor and better-off people, and the targeting strategy involves reaching the most marginal households. The main implementing agency is the Directorate General of Water Resources (DGWR) in the Ministry of Public Works and Housing (MoPWH).
7. **Rural Empowerment and Agriculture Development Scaling-Up Initiative (READSI)** was approved in September 2017 and is scheduled for completion in January 2023. Total project costs at design were US\$55.3 million, with support from an IFAD loan of US\$39.9 and grant of US\$1 million, as well as the Government, international private sector and beneficiaries. The development objective is to empower individually and collectively rural households with the skills, confidence and resources to sustainably improve their farm and non-farm incomes and livelihoods. READSI is implemented by the MoA and covers 14 districts within 4 provinces of Sulawesi Island (Gorontalo, Sulawesi Tengah, Sulawesi Tenggara, Sulawesi Selatan) and two districts in each of West Kalimantan and Nusa Tenggara. It builds on the READ approach of community mobilization integrated with agriculture and livelihood development and also supports services inputs, market linkages and policy and institutional frameworks for smallholder agriculture. The target group comprises the poor and near poor with potential to generate economic returns, active farmers that can act as agents of change and the landless and land-poor, including women-headed households. The targeting strategy promotes the inclusion of ethnic groups and indigenous peoples who meet the programme selection criteria.
8. **Youth Entrepreneurship and Employment Support Services Programme (YESS)** was approved in December 2018 and scheduled for completion mid-2025. Total project costs at design were US\$72.71 million, with support from an IFAD loan



of US\$55.3 and grant of US\$2 million, as well as the Government and beneficiaries. Implemented by the MoA's Agency of Agricultural Extension and Human Resource Development (AAEHRD), YESS targets poor and vulnerable youth in 15 districts in the 4 provinces of East Java, West Java, South Kalimantan and South Sulawesi. The goal is that young women and men contribute to rural transformation and inclusive rural growth, while the objective is that rural young women and men are engaged in the agri-based sector through employment and entrepreneurship. Activities focus on building youth skills-sets and business development services, creating employment opportunities and linking them to financial institutions. YESS also aims to support a conducive policy environment for young rural workers and entrepreneurs.

9. **The Development of Integrated Farming Systems in Upland Areas (UPLANDS)** was approved in December 2019 and is scheduled for completion in December 2024. Total project costs at design were US\$151.66 million, primarily financed by a loan of US\$70 million and grant of US\$0.5 million from the and a loan of US\$50 million from IFAD, as well as financing from the Government, beneficiaries and the local private sector. Implemented by the Directorate General of Agricultural Infrastructure and Facilities within the MoA, the project covers seven provinces: Banten, West Java, Central Java, East Java, West Nusa Tenggara, North Sulawesi, and Gorontalo. The overall goal is to reduce poverty and enhance food security in upland areas through remunerative, sustainable and resilient livelihoods. The development objective is to increase smallholders' agricultural productivity, incomes, livelihoods and resilience. The main target group is economically active smallholder farmers, poor and marginalized subsistence farmers, and women processors and youth. Investments in a range of complementary activities include new and rehabilitated infrastructure, improved quality of climate-resilient planting materials, training and upskilling extension staff, providing technical and facilitation support for farmers, ensuring access to finance, reducing post-harvest losses and improving market access.
10. **Integrated Village Economic Transformation Project (Transformasi Ekonomi Kampung Terpadu, TEKAD)** was approved in October 2019 and scheduled for completion in December 2025. Total project costs at design were US\$702 million, financed by an IFAD loan of US\$32.9 million and grant of US\$1.5 million, the Government Village Fund estimated at US\$541.6 million and contribution of US\$18.99 million, and beneficiaries. There was a financing gap of US\$80 million to be financed by IFAD with resources from its next funding cycle or by a co-financier. Implemented by MoV, it operates in five eastern provinces - Papua, West Papua, Maluku, North Maluku, and East Nusa Tenggara. TEKAD builds on the Government supported PNPM as well as the IFAD-supported PNPM-Agriculture and VDP. It aims to empower village communities to contribute to rural transformation and inclusive growth and specifically to enable rural households to develop sustainable livelihoods, taking advantage of strengthened village and district-level governance. Investments focus on: building village capacities to plan, implement and monitor Village Fund resources; developing an enabling environment to better meet village needs through district planning and support services, linkages between market players and producers and better access to financial and non-financial services; and, improving MoV capacities.

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- Mid-term review reports
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Independent Office of Evaluation  
International Fund for Agricultural Development  
Via Paolo di Dono, 44 - 00142 Rome, Italy  
Tel: +39 06 54591 - Fax: +39 06 5043463  
E-mail: [evaluation@ifad.org](mailto:evaluation@ifad.org)  
[www.ifad.org/evaluation](http://www.ifad.org/evaluation)  
 [www.twitter.com/IFADeVal](https://twitter.com/IFADeVal)  
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