

## SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

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| Country:          | Indonesia                          | Program Title:        | Integrated Participatory Development and Management of Irrigation Program (IPDMIP) |
| Lending Modality: | Results-based lending for programs | Department/ Division: | Southeast Asia Department/ Environment, Natural Resources and Agriculture Division |

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| <b>I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY</b>  |
| <b>Targeting classification:</b> Targeted intervention—geographic   |
| <p><b>A. Links to the National Poverty Reduction and Inclusive Growth Strategy and Country Partnership Strategy</b></p> <p>The Government of Indonesia's National Medium-Term Development Plan (RPJMN) aims to reduce the poverty rate from 11% in 2014 to 8% by 2019. Some 27% of the population lives just above the poverty line, and these 65 million people are highly susceptible to sliding back into poverty. Water and food security are essential parts of the government's medium- and long-term poverty reduction strategy, since agriculture accounts for about half of total rural incomes and food is the single largest expenditure item for most Indonesian households. The Integrated Participatory Development and Management of Irrigation Program (the program) will support the government's efforts to achieve inclusive growth and reduce poverty by promoting increased investment and institutional reform in the irrigation sector and bolstering food and water security. The government recognizes irrigation as key to poverty reduction. The program will also support the priorities of the National Development and Planning Agency (BAPPENAS) and the Directorate General of Water Resources (DGWR) of the Ministry of Public Works and Housing (MPWH) for (i) increased investment in irrigation, (ii) implementing reforms initiated under the Participatory Irrigation Sector Project<sup>a</sup> funded by the Asian Development Bank (ADB), and (iii) developing strategies to guide sector development. The program is included in ADB's 2016–2019 country partnership strategy under its first strategic pillar of infrastructure development to bolster food and energy security.</p>   |
| <p><b>B. Results from the Poverty and Social Analysis during Assessments of the Program and its Systems</b></p> <p><b>1. Key poverty and social issues.</b> Poverty rates in Indonesia are significantly higher in rural areas (14.0% in 2016) than in urban areas (7.7%), and in some eastern provinces exceed 20%.<sup>b</sup> One manifestation of poverty is chronic child malnutrition (or stunting), which remains very high in Indonesia (37.2% in 2013), even exceeding 40% in some program provinces.<sup>c</sup> Other manifestations of poverty are undernourishment and hunger. Indonesia has about 19.4 million undernourished people<sup>d</sup> and a hunger level classified <i>serious</i> on the Global Hunger Index.<sup>e</sup> Since agriculture accounts for 33% of total employment (2015),<sup>f</sup> raising farm labor productivity and incomes from agriculture remains crucial for reducing rural poverty and its impacts, such as child stunting and undernourishment. Public spending on agriculture has taken the form of subsidies on private inputs (fertilizer and seeds) at the expense of financing public goods and services for agriculture and irrigation. Production and productivity have not risen commensurately because of the poor state of irrigation infrastructure, poor operation and maintenance performance, and disconnect between planning for agriculture and irrigation. The program design will address these and other systemic and institutional challenges. Cooperation with the International Fund for Agricultural Development will ensure support for enhancing the agricultural value chain.</p> <p><b>2. Beneficiaries.</b> The primary beneficiaries of the program are agricultural households, landowners, agricultural workers, including farmer groups, and water user associations (WUAs). Secondary beneficiaries will be local service providers and others with a stake in the local economy. The program will also benefit district, provincial, and national governments from strengthened institutional capacity and improved system delivery.</p> <p><b>3. Impact channels.</b> The program aims to have an impact on rural poverty through the following channels:<sup>g</sup> (i) at the micro-level, enabling smallholders to achieve higher yields and cropping intensity, increasing returns to farmers' endowments of land and labor resources, improving participation and decision making by women and communities, and generating employment and income from irrigation and non-farm activities from multiplier effects on the local economy; (ii) at the meso-level, generating employment for landless workers and the poor from adjoining areas, triggering the provision of other infrastructure, and facilitating multiple uses of irrigation water; and (iii) at the macro-level, promoting economic growth and alleviating poverty in rural areas, and strengthening institutional frameworks.</p> <p><b>4. Other social and poverty issues.</b> The program will not directly address population pressure, land tenure, access issues, and migration from rural areas. Local governments are addressing population and land issues in cooperation with sector departments and land agencies. National and local nongovernment organizations are already providing alternative livelihoods and skills for rural young people, which contribute to reducing migration. National banks and the private sector will facilitate access to credit and employment. Non-income and non-food causes of undernourishment and child malnutrition, such as poor health, are addressed by civil society organizations, nongovernment organizations, and the government.</p> |



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| <p><b>3. Actions</b><br/> <input checked="" type="checkbox"/> Program safeguard systems improvements <input type="checkbox"/> No action</p>  |
| <p><b>B. Indigenous Peoples</b> <b>Safeguard Category:</b> <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C</p> <p><b>1. Key impacts.</b> Not applicable. Is broad community support triggered? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p><b>2. Strategy to address the impacts.</b> A program safeguards system assessment has been conducted and a program action plan has been prepared and approved by both the government and ADB. The program will exclude activities with (i) category A impacts for indigenous people, and (ii) activities that directly or indirectly significantly affect the human rights or livelihood systems of indigenous peoples (<i>masyarakat hukum adat</i>).</p> <p><b>3. Actions.</b><br/> <input checked="" type="checkbox"/> Program safeguard systems improvement <input type="checkbox"/> No action</p>   |
| <p style="text-align: center;"><b>V. ADDRESSING OTHER SOCIAL RISKS</b></p>   |
| <p><b>A. Risks in the Labor Market</b></p> <p><b>1. Relevance of the program for the country's, region's, or sector's labor market.</b><br/> <input type="checkbox"/> unemployment <input type="checkbox"/> underemployment <input type="checkbox"/> retrenchment <input type="checkbox"/> core labor standards</p> <p><b>2. Labor market impact.</b> Impact is limited to specific infrastructure and agricultural labor. The civil works will require the recruitment of workers. The program will ensure that (i) no child labor is used, (ii) discrimination does not occur in employment, (iii) equal pay is given for work of equal value, and (iv) priority is given to local communities in recruiting.</p>  |
| <p><b>B. Affordability.</b> No affordability issues are anticipated.</p>   |
| <p><b>C. Communicable Diseases and Other Social Risks</b></p> <p>1. The impact of the following risks are rated high (H), medium (M), low (L), or not applicable (NA):<br/> <input checked="" type="checkbox"/> NA Communicable diseases <input checked="" type="checkbox"/> NA Human trafficking <input type="checkbox"/> Others (please specify)</p> <p>2. Risks to people in program area. No risks are anticipated as most of the labor will come from the local communities.</p>  |
| <p style="text-align: center;"><b>VI. MONITORING AND EVALUATION</b></p>  |
| <p><b>1. Targets and indicators.</b> At the outcome level, the program focuses on achieving sustainable and more productive irrigated agriculture in 74 districts across 16 provinces, which is then measured by a performance index that captures benefits for farming communities. At output level, the program aims to achieve strengthened institutional capacity for sustainable irrigated agriculture; improved systems and delivery for irrigation management, operation and maintenance, and improved irrigation systems infrastructure. Indicators developed by the program measure the progress toward these results, which together contribute to rural poverty alleviation as explained in section I.B.3 (Impact channels).</p> <p><b>2. Required human resources.</b> Social safeguard specialists (in involuntary resettlement and indigenous peoples) and a social development and gender specialist will be engaged for program implementation. A budget is allocated for consultation, especially for community groups and government officials.</p> <p><b>3. Information in program implementation document.</b> The program implementation document includes disbursement-linked indicators, a program action plan, the results framework, program systems and implementation arrangements, and integrated risks and mitigating measures.</p> <p><b>4. Monitoring tools.</b> The program results framework, disbursement-linked indicators matrix (including its attached verification protocols), as well as the design and monitoring framework will serve as the program's main monitoring tools. The two major monitoring systems used are the DGWR's monitoring and evaluation systems at the MPWH, and the monitoring and evaluation system of the Ministry of Home Affairs. Strengthening of the performance monitoring and management information systems is part of the program.</p> |

<sup>a</sup> ADB. 2003. *Report and Recommendation of the President to the Board of Directors: Proposed Loans to the Republic of Indonesia for the Participatory Irrigation Sector Project*. Manila.

<sup>b</sup> Central Bureau of Statistics. Profile of Poverty in Indonesia September 2016. <https://bps.go.id/website/pdf/publikasi/Penghitungan-dan-Analisis-Kemiskinan-Makro-Indonesia-Tahun-2016---.pdf> (accessed 7 April 2017).

<sup>c</sup> Government of Indonesia, Central Bureau of Statistics. Number and Percentage of Poor People, Poverty Line, Poverty Gap Index, Poverty Severity Index by Province, 2013-2014. <http://www.bps.go.id/linkTabelStatistik/view/id/1488> (accessed 6 October 2016).

<sup>d</sup> Food and Agricultural Organization of the United Nations, World Food Programme, and IFAD. 2015. *The State of Food Insecurity in the World 2015—Meeting the 2015 international hunger targets: taking stock of uneven progress*. Rome: Food and Agricultural Organization of the United Nations.

<sup>e</sup> International Food Policy Research Institute. 2016 Global Hunger Index. <http://ghi.ifpri.org/countries/IDN/>

<sup>f</sup> International Labour Organization, 2016: ILOSTAT database. Country Profile. <http://www.ilo.org/ilostat/faces/home/statisticaldata/ContryProfileId?>

<sup>g</sup> I. Hussain and M.A. Hanjra. 2004. Irrigation and Poverty Alleviation: Review of the Empirical Evidence. *Irrigation and Drainage*. 53. pp. 1–15.

<sup>h</sup> The program will improve the management of 1.5 million hectares of the irrigation system, which will benefit an estimated 3 million farmers.