



Completion Report

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Strengthening Results-based Planning and Delivery of Agriculture, Natural Resources and Rural Development Investments in Indonesia and Viet Nam

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TA Number, Country, and Name: TA 8878-REG: Strengthening Results-based Planning and Delivery of Agriculture, Natural Resources and Rural Development Investments in Indonesia and Viet Nam			Amount Approved: \$225,000.00		
			Revised Amount: Not Applicable		
Executing Agency: Asian Development Bank		Source of Funding: TASF-V	Amount Undisbursed: \$59,680.49	Amount Utilized: \$165,319.51	
TA Approval Date: 19 Feb 2015	TA Signing Date: Not Applicable	Fielding of First Consultant: 08 April 2015	TA Completion Date Original: 31 Dec 2015 Actual: 30 Apr 2016		
			Account Closing Date Original: 31 Dec 2015 Actual: 23 Sep 2016		
Description: Water and food security are priorities in the Government of Indonesia's long-term National Development Plan, 2005–2025 and National Medium-Term Development Plan, 2015–2019. Likewise, agriculture, natural resources and rural development (ANRRD) remain a key priority to the Government of Viet Nam. Despite the introduction of reform measures, it is recognized that the current planning and delivery mechanisms have been inefficient. In both countries, there is a growing recognition among the development partners to take a programmatic approach for the ANRRD sector. There is also a need to strengthen institutional responsibilities, mechanisms for funding, planning, delivery, and monitoring functions that prioritize activities leading to enhanced social and economic returns. In 2013, the Asian Development Bank (ADB) introduced the results-based lending (RBL) modality. RBL allows improving disbursement performance based on government's progress on achieving disbursement-linked indicators. Indonesia's recent achievements to strengthen its own safeguard and procurement frameworks also provide a compelling rationale for the use of RBL. Whereas in Viet Nam, the World Bank piloted an equivalent approach called "Program for Results (PforR)" by implementing a program on rural water supply and sanitation in the Red River Delta under the National Target Program (NTP) for Rural Water Supply and Sanitation (2012–2015). The experience led to scaling up of the PforR approach with a \$225.5 million investment in 2015.					
In response, ADB approved the regional small-scale capacity development technical assistance (S-CDTA) for Indonesia and Viet Nam in February 2015. The S-CDTA aimed to assess and strengthen results-based planning and at the same time support the formulation of RBL investments for ANRRD. The S-CDTA sought to address the following: (i) request from the two governments to use country systems, (ii) increased focus from governments on development results, and (iii) the need to improve the impact of governments' ANRRD investment portfolios, including ADB-financed projects.					
Expected Impact, Outcome, and Outputs: The expected impact was improved quality of planning and delivery of public ANRRD investment programs in Indonesia and Viet Nam. The expected outcome was improved capacity of governments' sector staff for results-based planning and delivery of ANRRD investments. These were to be achieved with the following outputs: (i) analysis of planning, delivery and monitoring systems in the ANRRD sector in Indonesia and Viet Nam; and (ii) capacity development plan developed and implemented.					
Delivery of Inputs and Conduct of Activities: The S-CDTA provided 13.0 person-months of consulting services, comprising 5.5 person-months of international and 7.5 person-months of national experts. ¹ The methodology was appropriate in achieving the desired results. The consultants successfully catered to the needs of ADB and agencies involved: (i) the Ministry of Public Works and Housing (MPWH), the Ministry of Home Affairs, the Ministry of Finance, and the National Planning Agency (BAPPENAS) in Indonesia; and (ii) the Ministry of Agriculture and Rural Development (MARD), and the Ministry of Planning and Investment (MPI) in Viet Nam. A regional inception workshop was conducted in April 2015 to present the RBL concept to all stakeholders involved in investment planning and implementation in both Indonesia and Viet Nam and to confirm the S-CDTA work plan. A country specific knowledge sharing workshop was conducted in September 2015 for Indonesia to (i) further disseminate the RBL approach to a broader audience; and (ii) get better understanding on the existing financing and verification mechanisms. Following these workshops, consultants supported the dialogue with the government to assess the suitability of RBL financing with regard to fund flow and verification mechanisms. In October 2015, the Government of Indonesia confirmed the use of the RBL modality for the proposed Integrated Participatory Development and Management of Irrigation Program (IPDMIP). ² Subsequently, a minor change in implementation arrangements was approved on 12 November 2015 to: (i) engage an international results-based specialist to support the preparation of the proposed IPDMIP; and (ii) extend the S-CDTA closing to 30 April 2016. Services of both international and national specialists were delivered efficiently and satisfactorily. The performance of ADB and the executing and implementing agencies was also satisfactory.					

¹ This included (i) International Project Design, Project Management, Agriculture and Rural Development Specialist/Team Leader; (ii) two National Project Design, Project Management, Agriculture and Rural Development Specialists; and (iii) International Results-Based Specialist.

² For Board approval by second quarter of 2017 for \$600 million.

A country specific knowledge sharing workshop was conducted in April 2016 for Viet Nam. The workshop benefited from the (i) experience of the MPWH and BAPPENAS in Indonesia in designing the proposed IPDMIP, and (ii) experience of MARD in the implementation of the World Bank's ongoing Rural Water Supply and Sanitation Project (PforR). MARD's five-year development plan and expenditure framework were discussed to identify possible investments suited for RBL financing. The Government of Viet Nam showed interest in the RBL modality especially in the context of NTP on New Rural Development (NRD).

Evaluation of Outputs and Achievement of Outcome: Under output 1, the consultants prepared the following reports for Indonesia: (i) an inception report; (ii) a review of fund flow mechanisms for public investment; and (iii) the results framework, program results assessment, program soundness assessment, and integrated risk assessment for the proposed IPDMIP. For Viet Nam, the consultants prepared: (i) an inception report; and (ii) a report on the suitability of RBL to implement NTP on NRD. Under output 2, one regional and two in-country workshops were conducted and on-the-job training was provided to officials from agencies involved in the formulation of the proposed IPDMIP. For each workshop, ADB specialists from Southeast Asia Department, East Asia Department, and Strategy, Policy and Review Department (SPD) participated as resource persons. The participation of ADB specialists greatly contributed to the quality of discussions which was highly appreciated by both countries. For Indonesia, the interaction during the design of the proposed IPDMIP between ADB project team, the results-based specialist, and the government led to the improvement of the counterpart staff capacity in the sector. The preparation of the expenditure and results frameworks was greatly appreciated, especially by BAPPENAS, the agency interested in adopting a results-based approach for the delivery of national budget spending.

While gaining experience from the World Bank PforR in rural water supply, the Government of Viet Nam considered RBL a relevant modality and indicated high interest to explore potential investments. MARD and MPI greatly appreciated the S-CDTA's contribution in facilitating the sharing of knowledge and experience with Indonesia and envisaged applying RBL more widely in the future, specifically to implement NTPs.

Overall Assessment and Rating: The S-CDTA is rated highly successful, in terms of effectiveness, relevance, sustainability and efficiency. The S-CDTA was able to achieve its expected outcome and has supported the preparation of an RBL investment in Indonesia. The flexibility adopted during the implementation of the S-CDTA allowed ADB to be responsive in line with the needs of each country.³

Major Lessons: The interaction with SPD was beneficial to support the dissemination of the RBL concept which was highly appreciated by the governments of Indonesia and Viet Nam. The introduction of expenditure and results frameworks demonstrated to be beneficial in the dialogue with the Government of Indonesia since those instruments add value in the formulation of investments and for long term programming. Thus, the Government of Indonesia has considered adopting such frameworks for its priority programs, including irrigated agriculture. The opportunity for cross-country dialogue with Indonesia on the adoption of country systems was appreciated by Government of Viet Nam especially in the context of implementing NTPs. The use of lump sum contracts provided quality output from consultants with minimal delay.

Recommendations and Follow-Up Actions: It is recommended that ADB: (i) pursues the dialogue with the Government of Viet Nam to identify investments suitable for RBL modality, (ii) further refines the approach for the proposed IPDMIP, and (iii) continue awareness raising in both Indonesia and Viet Nam about RBL features for both government and non-government stakeholders.

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³ Consultant inputs have been optimized, which resulted in significant savings not envisaged during design of the TA.