



Initial Poverty and Social Analysis

Project Number: 43220
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Proposed Results-Based Loan Republic of Indonesia: Integrated Participatory Development and Management of Irrigation Program

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Asian Development Bank

INITIAL POVERTY AND SOCIAL ANALYSIS

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

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy

The Government of Indonesia's National Medium-Term Development Plan (RPJMN), 2015–2019 aims at attaining economic growth of 6–7% of GDP growth annually and reducing the poverty rate from 9–11.3% in 2014 to 6–8% by 2019. Based on the National Statistical Bureau report, Indonesia's poverty rate increased from 10.96% (27.73 million people) in 2014 to 11.22% (28.59 million people) in 2015. To achieve its economic growth and poverty reduction targets, the RPJMN identifies a total infrastructure investment need of some \$425 billion in 2015–2019: overall infrastructure investments are expected to increase from 3–4% of GDP in the last years to 8–9% of GDP by 2019. Food security is a development priority in the RPJMN. The RPJMN aims to achieve food security through a number of strategies, notably (i) increasing rice production for food security; (ii) developing higher value cropping to improve rural livelihoods; and (iii) promoting more productive irrigation infrastructure and its sustainable management. The project will support the government to improve agriculture productivity and rural incomes. The project will contribute to meeting the National Development and Planning Agency (BAPPENAS) and the Directorate General of Water Resources (DGWR) of the Ministry of Public Works and Housing' support for (i) increased investment in irrigation, (ii) deepening the reform agenda initiated under ADB Participatory Irrigation Sector Project (PISP), and (iii) developing policies and strategies to guide sector development. The project is included in the Country Operations Business Plan 2015–2017 and will build on Asian Development Bank's (ADB) extensive recent engagement in the sector.

B. Poverty Targeting

General Intervention Individual or Household (TI-H) Geographic (TI-G) Non-Income MDGs (TI-M1, M2, etc.)

The project will contribute to the government's overarching food security agenda for selected areas as identified in the Sector Plan for Water Resources (SPWR). The project will improve management of irrigated agriculture through the delivery of an integrated package of infrastructure (rehabilitation, upgrading and modernization), improved asset management and operation and maintenance (O&M), and strengthened water user associations (WUA). It will complement the government investments, including the Specific Purpose Grants or *Dana Alokasi Khusus* (DAK) and Special Fund for Food Sovereignty or *Upaya Khusus Swasembada Pangan* (UPSUS),^a which are mainly financing infrastructure. To further improve farmers' welfare, agriculture extension services are to be financed by the International Fund for Agricultural Development (IFAD) in the selected project areas. The project outcome will be sustainable and more productive irrigated agriculture in selected provinces.

The project will (i) improve irrigation system infrastructure that will focus on rehabilitation, upgrading of primary and secondary irrigation system, drainage infrastructure, and modernization of irrigation; (ii) improve irrigation system management at central, provincial, and district governments and water user associations (WUAs) level to ensure adequate water supply and access to all farmers and support the updating of the irrigation asset management system; (iii) strengthen policy and institutional frameworks for irrigated agriculture that will focus on strengthening the capacity of government institutions and staff to conduct consultative policy dialogue, develop and implement policies and regulations. It will also support the government at national and provincial levels to undertake program supervision and strengthen planning, implementation, management and monitoring capacities. With improvement of irrigation system complemented by agriculture value chain small infrastructure, the farmers will improve productivity and income, and therefore will contribute in addressing poverty. A review of the institutional and participation plan for strengthening WUAs/ Water User Association Federations (WUAFs) and government agencies and compliance with labor standard in the program implementation will be conducted during preparation.

The project will potentially cover the 16 provinces in Sumatera, Java, Bali and Nusa Tenggara, Kalimantan, Sulawesi, Maluku, and Papua. Rural poverty rates in selected provinces range from 8.31% to 16.96% against the national poverty level of 14.70%. Lampung has the highest poverty rate at 16.96%, followed by East Java at 16.88%, Central Java at 16.55%, South Sulawesi at 12.93%, West Java at 12.13%, down to 8.31% in Banten. Central Sulawesi, Maluku and Aceh have the poverty rate of 16.85%, 28.12% and 20.97%, respectively. Income poverty indicator, the spread of the region, and other related program activities will be assessed during preparation and it will be part of the criteria for the selection of the irrigation schemes to be included in the program.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. The primary beneficiaries are local farmer communities, including women. The poor farmer households need to increase their current income from rice and they have limited skills and capital to engage in alternative livelihoods. The project will involve farmers' WUAs and WUAFs in construction and rehabilitation works in participatory manner. The WUAs/WUAFs will be consulted to develop efficient O&M. The project will assist in transferring irrigation scheme management to WUAs/WUAFs and implementing improved scheme management. Study and capacity building of innovative on-farm irrigation techniques, crop rotation, crop diversification and better agronomic practices will be provided to WUA and farmers through the IFAD investment. The project will assist WUAs/WUAFs to develop and implement irrigation management plan of individual schemes. The IFAD investment will assess extension and credit needs for farmers groups.

The project will benefit owners and cultivators of irrigated lands and agriculture laborers. The cultivators will gain improved access to irrigation water and support services, and improved and more stable farm and off-farm incomes. The agricultural laborers will gain employment opportunities from construction activities and increased agricultural production, as well as indirect employment opportunities resulting from multiplier effects on the local economy. The landowners will gain enhanced land productivity, rental income and land value, and cost sharing in operation and maintenance and rehabilitation.

The project will also benefit district, provincial, and national governments. The district and provincial government staff capacities will be greatly enhanced through implementation of local regulation on irrigation and establishment and implementation of irrigation commissions and district irrigation management plans. A poverty and social assessment will be prepared during the preparation to provide comprehensive analysis on poverty in sector context, sector lessons on poverty and irrigation, poverty and target group analysis, stakeholders including farmer organizations and WUAs, and social action plan.

2. Impact channels and expected systemic changes. The improvement of productivity and more involvement of farmers in executing civil works and post-harvesting activities will increase possibilities for the farmers to have a better livelihoods and employment. Local government's awareness and willingness to involve farmers in irrigated agriculture and facilitating access to capital and other skills will be the key in facilitating changes in the project areas. Reliable water supply will also encourage farmers to diversify crops, which will provide access to higher incomes,

3. Focus of (and resources allocated in) the PPTA or due diligence. Social economic analysis and potential of alternative livelihoods for farmer communities in selected provinces will be conducted to design the project components. Meaningful consultation with local governments and representatives of farmer communities will be carried out and recorded.

II. GENDER AND DEVELOPMENT

1. What are the key gender issues in the sector/subsector that are likely to be relevant to this program or program? Women are usually responsible for domestic water provision although irrigation does not traditionally fall within women's domain. Despite significant and increasing decision-making power and responsibility women generally do not own productive resources and have lesser access to information and formal decision-making structures. Women farmers should be able to have equal access to agricultural technology and information to maximize the capacity of farming households. Through gender sensitization training and gender-disaggregated data, the awareness about gender and development issues will be created among WUAs and government staff. Gender analysis will be conducted during preparation as the basis for the gender action plan.

2. Does the proposed program have the potential to make a contribution to the promotion of gender equity and/or empowerment of women by providing women's access to and use of opportunities, services, resources, assets, and participation in decision making? Yes No
Gender analysis and action plan will be prepared and key actions be reflected in the program action plan. The gender program action will support the gender strategy set forth in the RPJMN.

3. Could the proposed program have an adverse impact on women and/or girls or widen gender inequality?
 Yes No Please explain

4. Indicate the intended gender mainstreaming category:
 GEN (gender equity) EGM (effective gender mainstreaming)
 SGE (some gender elements) NGE (no gender elements)

III. PARTICIPATION AND EMPOWERMENT

1. Who are the main stakeholders of the program, including beneficiaries and negatively affected people? Identify how they will participate in the program design.
The main stakeholders are local farmer communities in targeted project areas; local suppliers and investors; district, provincial, and national government officials. They will be involved during project design, implementation, and after project.

2. How can the program contribute (in a systemic way) to engaging and empowering stakeholders and beneficiaries, particularly, the poor, vulnerable and excluded groups? What issues in the program design require participation of the poor and excluded?

Meaningful consultations will be conducted during preparation and program assessment and they will continue throughout the project cycle. The criteria and priorities for infrastructure projects should be discussed with beneficiaries. The farmer groups will participate in construction and rehabilitation of infrastructure. They will be assisted to develop and implement irrigation management plan of individual schemes, and consulted when developing efficient irrigation O&M. Training programs to introduce improved farm business management skills and access to credits will also be provided to farmer groups and farmers.

3. What are the key, active, and relevant civil society organizations (CSOs) in the program area? What is the level of CSO participation in the program design? Information generation and sharing Consultation Collaboration Partnership

4. Are there issues during program design for which participation of the poor and excluded is important? What are they and how will they be addressed? Yes No

IV. SOCIAL SAFEGUARDS

A. Involuntary Resettlement Category A B C

1. Does the program have the potential to involve involuntary land acquisition resulting in physical and economic displacement? Yes No

2. What actions are required to address involuntary resettlement as part of the PPTA or assessment process? Program safeguard system assessment and actions None

B. Indigenous Peoples Category A B C

1. Does the proposed program have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? Yes No

2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? Yes No Project areas are not in the IP's ancestral domain

3. Will the program require broad community support of affected indigenous communities? Yes No The program will not involve commercial development of IP's cultural resources and knowledge, physical displacement of IPs from their land, and commercial development of natural resources within customary land

4. What actions are required to address risks to indigenous peoples as part of the PPTA or the program assessment process?

Program safeguard system assessment and actions None

V. OTHER SOCIAL ISSUES AND RISKS

1. What other social issues and risks should be considered in the program design?

Creating decent jobs and employment Adhering to core labor standards Labor retrenchment
 Spread of communicable diseases, including HIV/AIDS Increase in human trafficking Affordability
 Increase in unplanned migration Increase in vulnerability to natural disasters Creating political instability
 Creating internal social conflicts Others, please specify _____

2. How are these additional social issues and risks going to be addressed in the program design?

Priority for labor will be conditioned for local communities.

VI. PPTA OR ASSESSMENT RESOURCE REQUIREMENT

1. Do the terms of reference for the PPTA (or program assessments) contain key information needed to be gathered during PPTA or the program assessment process to better analyze (i) poverty and social impact; (ii) gender impact, (iii) participation dimensions; (iv) social safeguards; and (v) other social risks. Are the relevant specialists identified? Yes No

2. What resources (e.g., consultants, survey budget, and budget for workshop(s)) are allocated for conducting poverty, social and/or gender analyses, and participation plan during the PPTA or the program assessments?

Social safeguard Specialists (involuntary resettlement and indigenous peoples) and social development/gender specialist will be engaged for program assessment. A budget for consultation especially for community groups and government officials is allocated.

^a UPSUS funds are channeled by the Ministry of Agriculture to Provincial and District Agricultural Agencies and Extension Services to finance agricultural infrastructure, seed, subsidized fertilizer, agricultural machinery and extension services.