Project Summary Information

	Date of Document Preparation: October 23, 2026
Project Name	Optimized Lowland Irrigation for Food Security Project
Project Number	P001083
AIIB member	Indonesia
Sector/Subsector	Water
Alignment with AIIB's thematic priorities	Green infrastructure; Technology-enabled Infrastructure
Status of Financing	Under Preparation
Objective	To improve the service coverage and performance of lowland irrigation systems in selected areas.
Project Description	Indonesia faces a growing gap between food production and demand, which risks impeding its growth. This drives efforts to optimize the productivity of existing irrigated agriculture by rehabilitating key infrastructure and intensifying cropping practices. Lowland irrigation schemes (DIRs) offer significant opportunities for productivity optimization, as they have operated suboptimally for decades despite their notable coverage (nearly 20 percent of Indonesia's total irrigated areas), largely because investments have prioritized surface/upland irrigation, which traditionally has larger service areas. Cultivation under lowland irrigation remains largely single-cropping, with yields ranging from 2.8 to 4.9 tons/ha (compared to the potential of up to 6.0 tons/ha). Improved water management in lowland schemes is expected to facilitate crop growth and yield (achieving production potential) while enabling farmers to transition to double-cropping. Further, because all DIRs are located outside Java and Bali (Indonesia's economic hubs), improvements to these schemes will foster more balanced regional growth nationwide, thereby contributing to wealth distribution across the country. The proposed Project builds on past investments under the Strategic Irrigation Modernization and Urgent Rehabilitation Project (SIMURP), co-financed by AIIB and the World Bank and concluded in June 2025. While SIMURP invested in improving both surface/upland and lowland irrigation schemes, the proposed Project will focus on the latter. The Project is envisaged to consist of four components: Component A: Rehabilitation and Upgrading of Irrigation Infrastructure (USD152.25 million) aims to rehabilitate and upgrade water management infrastructure serving 108,000 ha of DIRs across Indonesia, scaling up the works initiated under SIMURP. It aims to restore the infrastructure to its original design capacity, optimize irrigation and drainage performance, and strengthen its adaptive capacity against relevant hydrometeorological hazards. Key interventions will include canal lining, embankment reinforcement, clearing/desilting of congested canals, and upgrading/expanding water regulatory structures. Component B: Modernization of Water Management Systems (USD12.47 million) will modernize infrastructure and hydrological monitoring networks (sensors and stations), as well as selected water control instruments. The modernized

	data acquisition systems will connect to real-time water monitoring centers at selected river basin organizations (B/BWS), enabling data-driven operation and maintenance (O&M) planning and implementation. It will support irrigation managers in optimizing water allocation efficiency, predicting seasonal flow fluctuations, and balancing water distribution across seasons and croplands. Component C: Operational Sustainability Strengthening (USD23.02 million) aims to enhance and sustain DIRs' operational performance of strengthening key stakeholders at three levels: (a) National level: strengthening the Balai Teknik Rawa (the national center of excellence in lowland management); (b) River basin level: establishing and strengthening B/BWS' in-house irrigation management units (UPIs) and upgrading their inventory of O&M equipment and machinery; and (c) Water user level: establishing and strengthening water user associations/ federations (P3A/GP3A) and engaging them in O&M activities. Component D: Project Management (USD12.26 million) will facilitate overall coordination, monitoring, and evaluation under the Project, including mobilizing Project Management Consultant, Technical Assistance consultants for design review/finalization, construction supervision, monitoring and evaluation (M&E), and overall project management services.
Expected Results	Key Project results include: (a) increase of DIRs cropland provided with improved irrigation and drainage services, (b) increase in irrigation infrastructure performance (as measured by the Government's Irrigation System Performance Index).
Environmental and Social Category	B
Environmental and Social Information	**Applicable Policy and Categorization.** The Bank's Environmental and Social Policy (ESP), including the Environmental and Social Standards (ESSs) and the Environmental and Social Exclusion List (ESEL), applies to the Project. ESS 1 (Environmental and Social Assessment and Management) applies, while the applicability of ESS 2 (Land Acquisition and Involuntary Resettlement) and ESS 3 (Indigenous Peoples) will be determined through site-specific screening once subproject designs and locations are finalized. The Project is assigned Category B because it will rehabilitate and modernize existing irrigation systems within established boundaries without financing new irrigation development. Anticipated adverse environmental and social (ES) impacts are site-specific, mostly temporary, and manageable through appropriate design, mitigation measures, and construction-site management. **Environmental and Social Instruments.** As subproject designs and locations are not yet finalized, a framework approach is applied through an Environmental and Social Management Planning Framework (ESMPF), incorporating a Land Acquisition and Resettlement Planning Framework (LARPF), an Indigenous Peoples Planning Framework (IPPF), and a Gender Assessment and Integration Action Plan framework. During implementation, the ESMPF will guide subproject screening and preparation of site-specific abbreviated ESMPs, Stakeholder Engagement Plans (SEPs), and Gender Integration Action Plans (GIAPs). Where applicable, Resettlement Action Plans (RAPs), livelihood restoration plans, and/or Indigenous Peoples plans will also be prepared. Subprojects will also prepare or update applicable national instruments to

	meet national requirements. Before civil works commence at any subproject site, the applicable pre-construction requirements will be completed, including screening, meaningful consultation, verification of land and access arrangements, payment of any required compensation, clearance and disclosure of the relevant site-specific ES instruments, and approval of the CESMPs. **Environmental and Social Aspects.** Environmental risks and impacts are expected to be moderate, site-specific, and largely temporary, arising mainly from canal dredging, irrigation rehabilitation, embankment improvements, installation of monitoring equipment, and associated civil works. Potential impacts include vegetation clearance, erosion and sedimentation, dust, noise and vibration, waste and dredged-material generation, water pollution, traffic and community disturbance, and potential impacts on aquatic habitats and biodiversity. Localized peaty and pyrite-bearing soils may be disturbed, which may cause some subsidence, limited fire risk, and some soil and water acidification. These risks will be managed through site-specific screening, design and operational controls, and mitigation measures incorporated into abbreviated ESMPs and CESMPs. Land acquisition and relocation are not anticipated by the Project as the rehabilitation works are expected to remain within existing canal corridors. Land ownership, use, and access arrangements will be verified for each subproject before designs are finalized. Where ESS 2 applies, land acquisition and economic displacement will be managed in accordance with applicable government requirements and the Project's LARPF, including compensation at replacement cost and livelihood restoration, as relevant. Voluntary land donation will neither be assumed nor promoted and, where proposed for small plots, will be subject to the eligibility, documentation, and verification requirements set out in the ESMPF. The applicability of ESS 3 will be determined through subproject screening. Temporary disruption to irrigation, farm and boat access, and planting schedules during construction will be addressed through consultation with affected farmers and measures included in site-specific ESMPs. The Project is also expected to benefit women through gender assessment and a GIAP prepared for each subproject to support women's participation in the Project. **Occupational Health and Safety (OHS), Labor and Employment Conditions.** The main OHS and labor risks relate to dredging and earthworks, work near water, machinery and excavation hazards, heat and hazardous-material exposure, remote travel, working conditions, labor influx, and SEA/SH. Site-specific ESMPs and CESMPs will require contractors to implement safety training, PPE, emergency procedures, safe boat and motorcycle travel, fair and non-discriminatory employment, worker Codes of Conduct addressing gender-based violence (GBV) and SEA/SH, and an accessible worker grievance mechanism. **Stakeholder Engagement, Consultation and Information Disclosure.** Inclusive engagement with affected communities and identified stakeholders began during Project preparation and will continue throughout the Project. Each irrigation scheme will prepare a SEP, and pre-construction consultations will address work sequencing, continued irrigation and drainage access, and disruption to farming. A public consultation on the draft ESMPF is planned for October 2026. The ESMPF and its executive summary in Bahasa Indonesia will be disclosed on the MOPW/DGWR website before the financing decision and linked to AIIB's website. Site-specific ESMPs and any applicable land acquisition, livelihood restoration, or Indigenous Peoples instruments will be disclosed locally in Bahasa Indonesia and on the same websites before the relevant works commence. Engagement will be documented and reported with sex-disaggregated data in the ES monitoring reports.

	Project Grievance Redress Mechanism. A Project-level GRM will be established in accordance with the ESMPF before civil works commence under the first subproject, building on existing channels used by farmers, including P3A meetings, village heads, and B/BWS field staff. It will provide for resolution at the DIR level and escalation of unresolved cases to designated focal points within the CPIU and CPMU, who will register, assess, track, and address grievances within the timelines specified in the ESMPF. Grievances may be submitted verbally or in writing, in person, by email, online, through a project hotline, or anonymously. The GRM will be accessible, free of charge, culturally appropriate, confidential where required, and protective against retaliation, with a confidential pathway for SEA/SH and a separate mechanism for workers, contractors, and subcontractors. Information on the GRMs will be disclosed through Project and village channels and consultations at each DIR, and its implementation will be reported to AIIB through the ES monitoring reports. Project-affected people and stakeholders will be informed of AIIB's Project-affected People's Mechanism (PPM). **Monitoring and Reporting Arrangements.** The CPMU, supported by the CPIUs, PIUs, and dedicated ES specialists, will monitor performance through site inspections, monitoring, grievance tracking, stakeholder engagement, and OHS supervision, and will submit biannual ES monitoring reports to AIIB based on agreed format. AIIB will conduct biannual ES reviews and site visits on the selected subprojects.		
Cost and Financing Plan	Total Project cost: USD200 million AIIB's Sovereign-backed loan: USD200 million		
Borrower	Republic of Indonesia		
Implementing Entity	Ministry of Public Works		
Estimated date of loan closing	March 2032		
Contact Points:	**AIIB**	**Borrower**	**Implementation Organization**
Name	David Ginting	Suminto	Arnold Aristoteles Paplapna Ritiauw
Title	Senior Investment Officer	Director-General of Budget Financing and Risk Management, Ministry of Finance	Director-General of Water Resources, Ministry of Public Works
Email Address	david.ginting@aiib.org	suminto@kemenkeu.go.id	dirjensda@pu.go.id
Date of Single Review Decision	October 23, 2026		
Estimated Date of Financing Approval	January 2027		

Independent Accountability Mechanism	The Project-affected People's Mechanism (PPM) has been established by the AIIB to provide an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement its ESP in situations when their concerns cannot be addressed satisfactorily through Project-level GRMs or AIIB Management's processes. For information on how to make submissions to the PPM, please visit https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html.