

Document: EB 2017/121/R.16/Rev.1  
Agenda: 9(c)(i)  
Date: 14 September 2017  
Distribution: Public  
Original: English

E



## President's report

### Proposed loan and grant to the Republic of Indonesia for the Rural Empowerment and Agricultural Development Scaling-up Initiative

#### Note to Executive Board representatives

##### Focal points:

##### Technical questions:

Ron Hartman  
Country Director  
Asia and the Pacific Division  
Tel.: +39 06 5459 2184  
e-mail: r.hartman@ifad.org

Sarah Hessel  
Programme Officer  
Tel.: +39 06 5459 2622  
e-mail: s.hessel@ifad.org

##### Dispatch of documentation:

William Skinner  
Chief  
Governing Bodies  
Tel.: +39 06 5459 2974  
e-mail: gb@ifad.org

Executive Board —121<sup>st</sup> Session  
Rome, 13-14 September 2017

---

For: Approval

## Contents

Abbreviations and acronyms	ii
Map of the programme area	iii
Financing summary	iv
Recommendation for approval	1
I. Strategic context and rationale	1
A. Country and rural development and poverty context	1
B. Rationale and alignment with government priorities and RB-COSOP	1
II. Programme description	2
A. Programme area and target group	2
B. Programme development objective	2
C. Components/outcomes	3
III. Programme implementation	4
A. Approach	4
B. Organizational framework	5
C. Planning, monitoring and evaluation, and learning and knowledge management	5
D. Financial management, procurement and governance	6
E. Supervision	7
IV. Programme costs, financing and benefits	7
A. Programme costs	7
B. Programme financing	7
C. Summary benefit and economic analysis	8
D. Sustainability	8
E. Risk identification and mitigation	8
V. Corporate considerations	9
A. Compliance with IFAD policies	9
B. Alignment and harmonization	9
C. Innovations and scaling up	10
D. Policy engagement	10
VI. Legal instruments and authority	10
VII. Recommendation	10

## Appendices

I. Negotiated financing agreement and grant agreement	
II. Logical framework	

## Abbreviations and acronyms

BAPPENAS	Badan Perencanaan Pembangunan Nasional (National Development Planning Agency)
DPMO	district programme management office
M&E	monitoring and evaluation
MoA	Ministry of Agriculture
NPMO	National Programme Management Office
PPSU	provincial programme support unit
READ	Rural Empowerment and Agricultural Development Programme in Central Sulawesi
READSI	Rural Empowerment and Agricultural Development Scaling-up Initiative
SC	Steering Committee



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 | 25-04-2017

## Republic of Indonesia

### Rural Empowerment and Agricultural Development Scaling-up Initiative

#### Financing summary

<b>Initiating institution:</b>	IFAD
<b>Borrower:</b>	Republic of Indonesia
<b>Executing agency:</b>	Ministry of Agriculture
<b>Total programme cost:</b>	US\$55.32 million
<b>Amount of IFAD loan:</b>	US\$39.88 million
<b>Amount of IFAD grant:</b>	US\$1 million
<b>Terms of IFAD loan:</b>	Ordinary: repayment term of 18 years, including a grace period of six years, with an annual interest rate equivalent to 100 per cent of the IFAD reference interest rate
<b>Cofinancier(s):</b>	Private-sector partners
<b>Amount of cofinancing:</b>	Private-sector partners: US\$2.2 million
<b>Contribution of borrower:</b>	US\$9.6 million
<b>Contribution of beneficiaries:</b>	US\$2.6 million
<b>Appraising institution:</b>	IFAD
<b>Cooperating institution:</b>	Directly supervised by IFAD

## Recommendation for approval

The Executive Board is invited to approve the recommendation for the proposed financing (loan and grant) to the Republic of Indonesia for the Rural Empowerment and Agricultural Development Scaling-up Initiative, as contained in paragraph 51.

# Proposed loan and grant to the Republic of Indonesia for the Rural Empowerment and Agricultural Development Scaling-up Initiative

## I. Strategic context and rationale

### A. Country and rural development and poverty context

1. Indonesia is a fast-growing middle-income country with the fourth largest population in the world. With 3 per cent annual urban growth, over 50 per cent of Indonesians now live in urban centres, generating a soaring demand for consumer goods, including food products. The productivity of Indonesian farmers will need to increase by more than 60 per cent within the next 15 years.
2. Steady economic growth has led to gradual poverty reduction. However, the pace of this reduction has been stagnating in recent years, particularly in rural areas. Malnutrition remains stubbornly high and the prevalence of stunting (height for age) among children under five years of age has risen slightly. Rising inequalities, with an increase in the Gini coefficient from 0.36 in 2005 to 0.41 in 2014, are threatening to roll back progress made in poverty reduction and further entrench poverty.
3. Agriculture is still the main source of income for one third of the population and for 64 per cent of poor people. Changing diets, new technologies and a favourable policy framework offer strong opportunities for rural transformation. Yet declining land sizes and insecure tenure arrangements, together with limited access to technologies, infrastructure, rural finance and markets, pose risks to agriculture – further increased by climate change vulnerability.

### B. Rationale and alignment with government priorities and RB-COSOP

4. The 2015-2019 National Medium-Term Development Plan prioritized food sovereignty in key staple foods (including rice), greater production of estate crops and poverty reduction in rural areas. Accordingly, the Government of Indonesia is seeking to develop approaches that assist rural people in increasing their agricultural productivity and improving their livelihoods – linking to and supporting the implementation of key policies, such as the Village Law (6/2014) and the Farmer Empowerment and Protection Law (19/2013).
5. The 2016-2019 results-based country strategic opportunities programme (RB-COSOP) aims to support inclusive rural transformation to enable rural people to reduce poverty and achieve sustainable livelihoods. It seeks to accomplish this through the provision of financing and technical support to develop innovative models that can be replicated and scaled up by the Government and other partners. Investments made by IFAD will contribute to three interlinked strategic objectives: (i) small-scale producers participate in remunerative agricultural markets; (ii) small-scale producers and their families are more resilient to risks;

and (iii) rural institutions deliver responsive services meeting the needs of small producers.

6. The IFAD-supported Rural Empowerment and Agricultural Development Programme in Central Sulawesi (READ), implemented from 2008 to 2014, contributed to a sustainable improvement in the livelihoods of more than 80,000 poor rural households in Central Sulawesi Province by combining community empowerment with focused agricultural support packages. The READ piloted a number of innovations, including groundbreaking public/private/producer partnerships (4Ps). Following completion of the programme, the Ministry of Agriculture (MoA) began scaling up the READ approach in two provinces (West Kalimantan and East Nusa Tenggara), with a total budget of some 20 billion Indonesian rupiah (Rp) per year (US\$1.53 million). Based on its learning from this experience, the Government has now requested IFAD to support the scaling up of READ's successful approach into a programmatic platform for agricultural investments.
7. The Rural Empowerment and Agricultural Development Scaling-up Initiative (READSI) will work towards the priorities and goals laid out in the 2005-2025 National Long-Term Development Plan and the 2015-2019 National Medium-Term Development Plan, particularly those of ensuring food security, self-sufficiency and food sovereignty through increased domestic production capacity. It is fully aligned with the 2016-2019 COSOP and IFAD's strategy to pilot innovative rural development approaches for scaling up through national programmes.

## II. Programme description

### A. Programme area and target group

8. Programme area. The proposed area will include a total of 18 districts: 14 within four provinces of Sulawesi Island and two districts each in West Kalimantan and East Nusa Tenggara. READSI is expected to reach a total of about 342 villages, including 80 villages that were included under READ. Participating districts will be selected according to the following criteria: (i) high poverty levels; (ii) agricultural potential accessible to the target group; (iii) credible commitment from provincial and district leadership to delivery of the programme and close collaboration with central-level teams; and (iv) diverse and varied development challenges for testing and further developing a programmatic platform for rural development.
9. Target group. READSI will target: (i) poor and near-poor people who have the potential to generate economic returns from agriculture with programme support; and (ii) active/demonstration farmers, who have the potential to motivate by demonstration to the poor and near-poor, acting as "agents of change" to improve livelihoods; (iii) landless and land-poor people, including woman-headed households, who will be included in activities directed at homestead gardening, improved nutrition and financial literacy. The targeting strategy will ensure the inclusion of ethnic groups and indigenous peoples that meet programme selection criteria, as well as the adaptation of activities to the social and culturally influenced particulars of indigenous peoples. The programme is expected to benefit about 342,000 direct beneficiaries or 68,400 households. Women are expected to constitute 50 per cent of programme beneficiaries.

### B. Programme development objective

10. The programme's goal is to support the growing prosperity of Indonesian smallholder farming families, and its objective is to empower rural households in the programme area with the skills, confidence and resources to sustainably improve their farm and non-farm incomes and livelihoods through a scalable programmatic approach.

## C. Components/outcomes

11. Component 1: Village agriculture and livelihoods development aims to increase household incomes and livelihoods through the improved productivity and profitability of farm and non-farm activities and better management of household finances and nutrition. Activities are based on the proven READ approach of community mobilization closely integrated with agricultural and livelihood development, and clustered in four complementary activities:
  - (i) Community mobilization. Establish an organizational structure for social mobilization; identify and mobilize the target group around common interests; and build the capacity of the target group to pursue its economic and livelihood interests;
  - (ii) Agriculture and livelihoods. Support food crops, estate crops, homestead gardening, livestock, agricultural machinery and infrastructure, and non-farm livelihoods through intensive extension support to target farmers, a starter inputs package, and agricultural equipment, machinery and small infrastructure;
  - (iii) Savings, loans and financial literacy. Increase access to and use of affordable seasonal and investment finance through financial literacy training, savings and loan activities within community groups, machinery investments and strengthened linkage to existing financial organizations;
  - (iv) Nutrition. Improve nutrition and encourage local innovation through technical awareness-raising and training, integrated homestead gardening and social marketing approaches.
12. Component 2: Services, inputs and market linkages aims to improve critical services and input markets in programme districts in terms of quality, relevance, availability and accessibility to serve community needs. It will cover five key services, each addressed in a subcomponent:
  - 2.1 Agricultural extension service (all districts). Support and deliver extension activities under component 1 and improve overall agricultural extension through: recruitment and training of new and existing extension staff; review and updating of all existing relevant technical packages used by that staff; and upgrading of training programmes and extension facilities.
  - 2.2 Financial services (all districts). Support smallholder borrowers through: strengthened partnerships with banks; collaboration with Indonesia's Otoritas Jasa Keuangan (Financial Services Authority) in registering community-based financial organizations as microfinance institutions and strengthening supervision; and expanded agricultural insurance.
  - 2.3 Seed supply markets and system (all districts). Support quality seed supply through a four-step process: (i) breeding, (ii) multiplying, (iii) distributing high-quality seed, and (iv) providing credible assurance to farmers that their seed is of a consistently high standard.
  - 2.4 Cocoa farmer support services and markets (Sulawesi only). Enhance the profitability of cocoa farming through: upgrading the coverage of embedded services delivered within the supply chains; developing high quality, affordable private service providers; expanding the cadre of private and public extension professionals; and strengthening the role and capacity of the technical line department for district estate crops.
  - 2.5 Livestock production, health services and markets (until midterm, only in East Nusa Tenggara). Establish an effective and efficient system of animal production and health services through upgraded technical support.



Activities will be reviewed at midterm and potentially scaled up to other districts.

13. The 4Ps will be important in enhancing sustainability, especially for: financial services through locally focused partnerships with banks; expansion of the successful READ partnership with MARS Cocoa and establishing new partnerships with other lead cocoa firms; and market-oriented collaborations between rice-seed multiplier farmers and the supporting technical seed producer agencies of MoA. To ensure sustainability of and equity within these partnerships, they will be facilitated following careful due diligence to ensure that they deliver clear benefits to READSI communities.
14. Component 3: Policy and strategy development support will be financed by the grant and aims to strengthen the policy and institutional framework for smallholder agriculture. Specific objectives are (i) to support the development of the Strategic Vision 2045, the next national medium-term development plan (RPJMN 2020-2024) and annual work plans (Rencana Kerja Pemerintah [RKP]), including through coordination of involved stakeholders; (ii) to strengthen the capacities of government agencies in effective use of evidence in the policy and planning processes, including improved coordination among stakeholders such as central and local governments, NGOs and the general public; (iii) to facilitate donor coordination on agricultural policy support; and (iv) to strengthen the use of results, lessons learned and smart practices from past and ongoing development projects. The policy areas supported by the grant are linked with the national food security agenda and promote inclusive rural growth.
15. Component 4: Programme management at national, provincial and district levels supports the effective management of project implementation. The implementation arrangements are defined in section III, B, Organizational framework, below.

### III. Programme implementation

#### A. Approach

16. READSI is a farmer-centred programme, enabled through an integrated approach at the village level anchored in social mobilization processes. Building on the READ experience, READSI will put the villages, and especially the programme-mobilized agricultural and livelihoods groups, at the heart of implementation, with services and support organized around these groups. The mix of key activities will respond to demand on the part of READSI households in each village, with households free to choose which groups to join. READSI will also support a transition to a more genuine empowerment of farmers, for example by reducing the size and scope of subsidies, with a greater emphasis placed on supporting farmers in making their own choices on how resources should be invested.
17. READSI will also expand elements of the original READ approach, including deepening and increasing the number of private-sector partnerships – in the cocoa sector, but also in financial services. It will also see an evolving role for the National Programme Management Office (NPMO), as it transitions its systems and practices from managing a project to a programmatic platform able to operate across many more and varied districts. As READSI moves towards this programmatic platform, the framework for selection of districts for the programme and their eventual graduation out of READ will evolve. As is already being seen in the original READ districts, the intensity and nature of supported needs change as districts make progress and deliver results. READSI will thus apply a district graduation process, with different sets of support activities provided throughout the process.
18. Given the growing importance of village-led investment in Indonesia more generally, especially under the new Village Law, READSI will coordinate with the

Ministry of Villages, Underdeveloped Regions and Transmigration and other key agencies to ensure links and synergies are developed between READSI and these other initiatives – both centrally and practically at village and district levels.

## B. Organizational framework

19. READSI will follow the implementation structure of the READ and will build on good practices developed by other IFAD-supported investments in Indonesia, including: operating within mainstream government systems and processes; building strong systems and processes to maximize management efficiency; and benchmarking among and within districts and of staff, enabled by independent monitoring and evaluation (M&E), strong and transparent governance structures, and incentives for strong performance.
20. MoA will be the executing agency for the loan and grant-financed activities, with the Agency for Agricultural Extension and Human Resource Development (AAEHRD) being assigned to host the READSI NPMO, continuing from READ. The NPMO will contract additional technical specialists to work as an integrated part of READSI delivery in the areas of social mobilization and rural finance.
21. While the NPMO has overall responsibility for programme delivery, each of the components has specific implementation arrangements, drawing on district-level agencies. Provincial programme support units (PPSUs) will be set up in each province for administrative functions such as financial reporting, M&E and planning. A district programme management office (DPMO) will be set up in each district to lead implementation of district-level activities (primarily under component 1).
22. READSI will be overseen by a steering committee (SC), which will provide support for overall direction of the programme. The SC is chaired by a senior official of the MoA and co-chaired by BAPPENAS, and will include representatives of central government (Ministry of Villages, Underdeveloped Regions and Transmigration, Ministry of Home Affairs), subnational government (representatives of READSI districts), private-sector partners and other key implementing partners and stakeholders, such as farmers' organizations. In the interests of effective decision-making, members will be appointed for not less than one year, and total membership of the SC should not exceed 20 people.
23. The grant-funded activities will be implemented by BAPPENAS, which will establish a policy platform and coordinating secretariat within the Deputy Ministry for Maritime and Natural Resources.

## C. Planning, monitoring and evaluation, and learning and knowledge management

24. Planning. Planning processes and schedules within READSI will be harmonized with the mainstream planning process of the Government at central, district and village levels. The NPMO, in consultation with the districts, and the policy platform secretariat will prepare the annual workplan and budget and procurement plans and submit them to IFAD for review and no objection.
25. Monitoring and evaluation. The M&E and knowledge management framework of the READSI will draw on the experience of the IFAD-supported Coastal Community Development Project. Considering the scaling-up objectives, READSI will have a strong emphasis on M&E and knowledge management, which will include: (i) a weekly/monthly dashboard that shows progress in key outputs and objectives, including gender; (ii) a sex-disaggregated database on all outcomes, outputs and indicators related to individuals or households; and (iii) household-level analysis of poverty impact to enable an understanding of how different interventions impact different causes of poverty.
26. The READSI will collect data electronically (tablet-based) directly into a centrally maintained management information system to improve the timeliness and

reliability of data in order to make the M&E system more robust and valuable as a management tool.

27. Learning and knowledge management. The programme is expected to generate practical knowledge of what works (and what does not) and how to scale up investments into successful programmatic approaches. Effective, efficient learning, knowledge management and communication are thus central to the READSI longer-term vision. Accordingly, the programme will invest in good-quality, evidence-based knowledge management in order to contribute to policy development processes. Building on knowledge generated through the M&E system, the READSI will systematically share knowledge and exchange and link it to policy activities.
28. Activities under component 3 will support specific knowledge management efforts within the READSI and also contribute to broader policy and strategy processes in MoA and other government stakeholders at national, provincial and district levels – such as BAPPENAS and district governments.

#### D. Financial management, procurement and governance

29. Financial management. The programme will be aligned with government systems as regards accounting and reporting, standards, flow of funds, asset management, audit and procurement. The NPMO and BAPPENAS will be responsible for financial management, respectively, of the loan and the grant, and will be staffed adequately. The role of each will entail: (i) preparing the annual workplan and budget; (ii) treasury forecasting and annual disbursement projections; (iii) collecting and consolidating expenditure reports from PPSUs and DPMOs; (iv) timely preparation and submission of withdrawal applications to IFAD; (v) interim financial reporting; (vi) preparation of annual financial statements; (vii) coordination of audit processes; and (viii) procurement.
30. A financial management assessment of the programme, prepared in accordance with IFAD's guidelines, found an overall medium financial management risk. The risk will be mitigated by a range of measures that include: hiring of external financial management expertise at the NPMO level; development of manuals in local language; interim financial reporting; strengthened internal audit arrangements; and regular training, in addition to intensive support and training at start-up.
31. Flow of funds. IFAD loan funds will flow through Indonesia's Treasury Single Account to a designated account denominated in United States dollars. Disbursements for programme expenditures will be made via the Treasury system through local Treasury offices (Kantor Pelayanan Perbendaharaan Negara [KPPN]) and reported from that level through the Government's financial management information system for public finances (Sistem Perbendaharaan dan Anggaran Negara [SPAN]). The "on-granting" (grant transfer) mechanism will also be used. Grant funding will be independently managed by BAPPENAS as direct grants (Hibah Langsung). A designated account operated by BAPPENAS will be opened to receive the grant financing from IFAD.
32. Procurement will be undertaken in accordance with national procurement rules and regulations to the extent that these are consistent with the IFAD Project Procurement Guidelines.
33. Audit. The programme accounts (loan and grant) will be audited annually by government audit services. The resolution of audit observations will be monitored by the executing agencies (respectively NPMO and BAPPENAS), by the auditors and by IFAD through supervisory processes. In addition, the READSI programme will be included in the workplan of MoA's internal audit unit, with reporting made available to IFAD supervision missions.

34. Governance. Anticorruption measures will include: (i) creating and sustaining a corruption-free environment for programme activities; (ii) complying with internal procedures and controls, following international best practice standards; (iii) complying with requirements of IFAD's Policy on Preventing Fraud and Corruption in its Activities and Operations (2005, as amended to date); (iv) ensuring that a good governance framework is implemented promptly; and (v) establishing a complaint mechanism for programme beneficiaries and other stakeholders.

#### E. Supervision

35. Supervision will be undertaken by IFAD through biannual supervision missions for both loan and grant activities. In addition, the Fund will adopt a continuous supervision and implementation support approach through the newly opened country office.

### IV. Programme costs, financing and benefits

#### A. Programme costs

36. Total programme costs, including physical and price contingencies, are estimated at US\$55.32 million over a five-year implementation period.

Table 1  
**Programme costs by component and financier**  
(Thousands of United States dollars)

Component	IFAD loan		IFAD grant		Private sector		Beneficiaries		Borrower/ counterpart		Total
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount
1. Village agriculture and livelihoods development	25 993	83.1	-	-	1 149	3.7	2 623	8.4	1 532	4.9	31 298
2. Services, inputs and market linkages	4 449	49.3	-	-	1 058	11.7	-	-	3 517	39	9 024
3. Policy and strategy development support	-	-	1 000	90.9	-	-	-	-	100	9.1	1 099
4. Programme management	9 447	67.9	-	-	-	-	-	-	4 457	32.1	13 904
<b>Total</b>	<b>39 885</b>	<b>72.1</b>	<b>1 000</b>	<b>1.8</b>	<b>2.207</b>	<b>4.0</b>	<b>2 623</b>	<b>4.7</b>	<b>9 606</b>	<b>17.4</b>	<b>55 325</b>

#### B. Programme financing

37. Total programme costs of US\$55.32 million will be financed by an IFAD loan equivalent to US\$39.88 million (72.2 per cent of total costs), an IFAD grant equivalent to US\$1 million (1.8 per cent of total costs), a contribution from private-sector partners estimated at US\$2.2 million (4.7 per cent of total costs) and the Government for an estimated total amount of US\$9.6 million (17.4 per cent of total costs). In addition to taxes and duties, the Government will cover salaries of all NPMO, provincial, district and subdistrict programme staff and other in-kind contributions. Beneficiary contributions are estimated at US\$2.6 million (4.7 per cent of total costs), mostly to cofinance the purchase of basic and advanced mechanization of agriculture under subcomponent 1.2. The IFAD grant will finance policy activities under component 3. The contribution from the private sector – together with the IFAD loan – will cofinance cocoa-related activities under activity 1.2 and subcomponent 2.4.

Table 2  
**Programme costs by expenditure category and financier**  
 (Thousands of United States dollars)

Expenditure category	IFAD loan		IFAD grant		Private sector		Beneficiaries		Borrower/ counterpart		Total
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount
<b>Investment costs</b>											
1. Consultancies	11 952	85.7	700	5.0	-	-	-	-	1 209	8.7	13 944
2. Community matching grants	12 458	77.2	-	-	-	-	2 623	16.3	-	-	16 144
3. Goods and services	3 914	90.1	30	0.7	-	-	-	-	395	9.1	4 343
4. Training	4 544	70.7	200	3.1	1 144	17.8	-	-	579	9.0	6 425
5. Works	1 246	90.9	-	-	-	-	-	-	125	9.1	1371
<b>Recurrent costs</b>											
1. Salaries and allowances	-	-	-	-	-	-	-	-	6 719	100	6 719
2. Operating cost	5 775	90.5	70	1.1	-	-	-	-	580	9.1	6378
<b>Total</b>	<b>39 885</b>	<b>72.1</b>	<b>1 000</b>	<b>1.8</b>	<b>2 207</b>	<b>4.0</b>	<b>2 623</b>	<b>4.7</b>	<b>9 606</b>	<b>17.4</b>	<b>55 325</b>

### C. Summary benefit and economic analysis

38. Benefits. Benefits will derive from: (i) community mobilization; (ii) village agriculture and livelihoods development; (iii) improved services, inputs and market linkages, including enhanced financial services; and (iv) improved nutrition.
39. Economic analysis. The overall economic internal rate of return of the programme is estimated at 19 per cent for the base case. Net present value (NPV) of the net benefit stream, discounted at 10 per cent, is US\$50.7 million. Sensitivity analysis shows the economic impact that a decrease in programme benefits – up to -50 per cent – will have on programme viability. Similarly, it shows the effects of an increase of up to 40 per cent in programme costs or of a one-to-three-year delay in programme implementation on the economic viability of the programme. The analysis confirms that the economic viability remains attractive, as a positive NPV and economic rate of return above 10 per cent are preserved in each case.

### D. Sustainability

40. Sustainability of the economic benefits to the original READ households was high under READ, achieved through improved farm production practices based on knowledge and skills gained from the programme. READSI has additional elements intended to raise sustainability even further, including: (i) increasing household capacity to cope with shock and recover afterwards, through financial literacy and savings; (ii) linking community groups to private-sector providers; (iii) increasing ownership of machinery investment; (iv) improving technical services; and (v) strengthening the policy framework for smallholder agriculture.
41. New technologies, access to services and rural finance are expected to increase resilience and to support small farmers in mitigating risk, particularly related to climate change. Promoting integrated homestead gardening systems, which incorporate ponds, will provide some mitigation against short-term, climate-driven food security issues. READSI will further explore safeguards such as use of geographic information system information in the identification of climate hazard zones and the introduction of appropriate mitigation and adaptation measures, particularly for priority crops, to reduce the vulnerability to climate risks of economic improvements and to secure higher and less-volatile farm incomes.

### E. Risk identification and mitigation

42. The main risks of the programme relate to the selection of priority crops, partnerships, elite capture, and programme management capacity and continuity between READ and READSI. Mitigation measures include basing programme activities on good practices and experiences from similar investments – READSI will particularly benefit from READ capacities and processes, inclusive assessments and programme implementation, and a focus on capacity-building.

<b>Risk</b>	<b>Mitigation</b>
Priority crops do not offer sufficient market opportunities for smallholders	Supported priority crops (in addition to rice, cacao and vegetables) will be selected in close consultation with all relevant stakeholders and based on participatory market assessment.
Partnerships with private sector not beneficial to smallholder farmers	Based on IFAD's experience in Indonesia and other countries, partnerships will be facilitated following careful due diligence to ensure they deliver clear benefits to beneficiaries.
Elite capture of programme benefits	This will be addressed by: (i) providing adequate training in good leadership to designated leaders, and possible installation of a complaint mechanism; (ii) sensitizing implementing agencies and partners; (iii) selecting crops/activities targeted at women and small farmers; (iv) making information on subproject selection and financing widely available; (v) requesting MoA to provide an anticorruption plan for the programme, to be approved by the anticorruption agency; and (vi) creating a mechanism for resolution of grievances at the community level.
Limited implementation capacity	Significant additional support will be planned to support AAEHRD in coping with its workload. Regular and close monitoring over the first two years of implementation will identify emerging problems early and put in place corrective measures.  District capacity is variable. READSI will implement an institutional capacity assessment with all new districts and implement a targeted strengthening plan with clear milestones. District benchmarking, coupled with the district graduation process, will offer incentives for self-improvement.
Extension staff lack capacity to respond to farmer needs and deliver relevant support	Activities will focus on strengthening demand-driven support of the extension system, combined with an upgrading of extension staff capacities and training facilities.
Delayed contracting of specialist service providers for social mobilization	A process for ensuring continuity with the READ partner NGO will be approved by IFAD and the Government prior to effectiveness.
Weaknesses in financial management impede smooth flow of funds and hamper execution of programme activities	Adequate provision of finance staffing to be foreseen at NPMO, PPSU and DPMO levels; manuals, interim financial reporting and enhanced internal audit to be put in place.

## V. Corporate considerations

### A. Compliance with IFAD policies

43. READSI is fully aligned with the goals and objectives of the IFAD Strategic Framework 2016-2025, the 2016-2019 COSOP and relevant policies, including those on the environment and natural resource management, gender equality and women's empowerment, and indigenous peoples, as well as with the strategies on rural finance, private-sector partnerships and climate change. In addition, READSI will focus on mainstreaming nutrition and scaling up.

### B. Alignment and harmonization

44. The programme is set within a number of key government policies and programmes, including the 2005-2025 National Long-Term Development Plan and the 2015-2019 National Medium-Term Development Plan. It will link to ongoing public-sector initiatives in the agriculture sector, including the Food Self-Sufficiency Support Programme – Upaya Khusus Swasembaba Pangan (UPSUS) – and the Government/Asian Development Bank/IFAD-supported Integrated and Participatory Development and Management of Irrigation Project, approved in December 2015, as well as to smaller and more localized initiatives.
45. READSI will link to and support implementation of the Law on Farmers' Protection and Empowerment (19/2013), which aims to increase farmer welfare. This will be achieved by improving farmers' access to land, finance and markets, building their resilience to weather events and strengthening their organizations. It will link to implementation of the Village Law (6/2014), which provides villages with funds equal to 10 per cent of the state budget earmarked for regional administration – to be spent according to community-prepared village development plans.

### C. Innovations and scaling up

46. Innovation and scaling up is central to the READSI approach. The programme will adopt an innovation agenda, developing and piloting approaches around smallholder agriculture, particularly in the areas of nutrition, market linkages and rural finance, thus providing incentives to local, community-driven innovation. The M&E system will provide continued evaluation of potential approaches to policy dialogue and scaling up through national financing. The READSI scaling-up strategy follows IFAD's Operational framework for scaling up results (2015) and combines testing and refining of the approach in different settings with strong knowledge management, evidence-based policy dialogue and institutional capacity-building.

### D. Policy engagement

47. Under READ, IFAD provided limited support to enable MoA to conduct basic policy analysis itself, which it did and which strongly benefited the scaling-up process. Building on this experience, IFAD has allocated a US\$1 million grant to support policy and knowledge management activities, and the associated capacity-building work on which they depend. These activities will work towards: establishing a supportive policy and institutional framework for smallholder agriculture; supporting the scaling up of successful approaches; and ensuring the sustainability of programme impacts. The grant will be housed within BAPPENAS with coordinating linkages to MoA to ensure that policy analysis, recommendations and operations are harmonized, and to build in-house capacity (and demand) for analysis. Depending on the specific policy issue, collaboration with relevant agencies and knowledge partners, including universities, will be established.

## VI. Legal instruments and authority

48. Both a programme financing agreement and a grant agreement between the Republic of Indonesia and IFAD will constitute the legal instrument for extending the proposed financing to the borrower/recipient. A copy of the negotiated financing agreement is attached as appendix I.
49. The Republic of Indonesia is empowered under its laws to receive financing from IFAD.
50. I am satisfied that the proposed financing will comply with the Agreement Establishing IFAD and the Policies and Criteria for IFAD Financing.

## VII. Recommendation

51. I recommend that the Executive Board approve the proposed financing in terms of the following resolutions:

RESOLVED: that the Fund shall provide a loan on ordinary terms to the Republic of Indonesia in an amount equivalent to thirty-nine million eight hundred and eighty-five thousand United States dollars (US\$39,885,000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

RESOLVED FURTHER: that the Fund shall provide a grant to the Republic of Indonesia in an amount equivalent to one million United States dollars (US\$1,000,000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Gilbert F. Hougbo  
President

## Negotiated financing agreement and grant agreement

### Rural Empowerment and Agricultural Development Programme Scaling-up Initiative"

(Negotiations concluded on 31 August 2017)

Loan Number:  
Grant Number:

Programme Title: Rural Empowerment and Agricultural Development Programme Scaling-up Initiative (The "Programme" or "READSI")

The Republic of Indonesia (the "Borrower/Recipient")

and

The International Fund for Agricultural Development (the "Fund" or "IFAD")

(each a "Party" and both of them collectively the "Parties")

hereby agree as follows:

#### PREAMBLE

Whereas the Borrower/Recipient has requested a loan and a grant from the Fund for the purpose of financing the Programme described in Schedule 1 to this Agreement (the "Programme");

NOW THEREFORE, the Parties hereto hereby agree as follows:

#### Section A

1. The following documents collectively form this Agreement: this document, the Programme Description and Implementation Arrangements (Schedule 1) and the Allocation Table (Schedule 2).
2. The Fund's General Conditions for Agricultural Development Financing dated 29 April 2009, amended as of April 2014, and as may be amended hereafter from time to time (the "General Conditions") are annexed to this Agreement, and all provisions thereof shall apply to this Agreement. For the purposes of this Agreement the terms defined in the General Conditions shall have the meanings set forth therein.
3. The Fund shall provide a Loan and a Grant to the Borrower/Recipient (the "Financing"), which the Borrower/Recipient shall use to implement the Programme in accordance with the terms and conditions of this Agreement.

#### Section B

1. A. The amount of the Loan is thirty nine million eight hundred and eighty five thousand United States dollars (USD 39 885 000).



- B. The amount of the Grant is one million United States dollars (USD 1 000 000).
2. The Loan shall be granted on ordinary terms and shall be subject to interest on the principal amount outstanding at a rate equal to the IFAD Reference Interest Rate, payable semi-annually in the Loan Service Payment Currency, and shall have a maturity period of eighteen years, including a grace period of six (6) years starting from the date that the Fund has determined that all general conditions precedent to withdrawal from the Loan have been fulfilled in accordance with Section 4.02(b) of the General Conditions and Section E of this Agreement.
  3. The Loan Service Payment Currency shall be the United States dollar (USD).
  4. The first day of the applicable Fiscal Year shall be 1<sup>st</sup> of January.
  5. Payments of principal and interest shall be payable on each 1<sup>st</sup> of March and 1<sup>st</sup> of September.
  6. There shall be two Designated Accounts denominated in US Dollars for the Loan and the Grant respectively.
  7. The Borrower/Recipient will provide counterpart financing in the approximate amount of USD 9.6 million for the Programme in the form of taxes on Programme expenditure, staffing and other in-kind contributions.

#### Section C

1. The Lead Programme Agency (LPA) as defined in Section 2.01 of the General Conditions (the entity with overall responsibility for the execution of the Programme) for Loan and Grant-funded activities shall be the Ministry of Agriculture (also referred to as MoA or Executing Agency-EA). The Implementing Agency for Grant funded activities will be the Ministry of National Development Planning (BAPPENAS).
2. The Agency of Agricultural Extension and Human Resource Development (AAEHRD) will host the National Programme Management Office (NPMO) on behalf of MoA. The Deputy Ministry for Maritime and Natural Resources will host the Grant Secretariat on behalf of BAPPENAS.
3. The following is designated as additional Programme Parties: provincial and district level governments.
4. The Programme Completion Date shall be the fifth (5<sup>th</sup>) anniversary of the date of entry into force of this Agreement.

#### Section D

1. The Loan and Grant will be directly supervised by IFAD.

#### Section E

1. The following is designated as an additional ground for suspension of the right of the Borrower/Recipient to request withdrawals from the Loan and Grant:
  - (a) Any transfer of key staff in the NPMO or the Grant Secretariat that has not been communicated to the Fund.

2. The following is designated as an additional ground for suspension of the right of the Borrower to request withdrawals from the Loan:

- (a) The Programme Implementation Manual (PIM) or any provision thereof, has been waived, suspended, terminated, amended or modified without the prior agreement of the Fund and the Fund, after consultation with the Borrower, has determined that such waiver, suspension, termination, amendment or modification has had, or is likely to have, a material adverse effect on the Programme, and the Borrower has not taken any measures to remedy the situation.

3. The following are designated as additional general conditions precedent to withdrawal from the Loan:

- (a) The NPMO within the MoA shall have been created and key staff in the NPMO shall have been nominated to the satisfaction of IFAD; and
- (b) Preparation of the PIM in a manner satisfactory to IFAD.

4. The following are designated as additional general condition precedent to withdrawal from the Grant:

- (a) A Coordinator for the start-up of the Policy Secretariat has been appointed from within BAPPENAS; and
- (b) Terms of Reference for specialists have been prepared in a manner satisfactory to IFAD.

5. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the Borrower/Recipient:

Director General of Budget Financing and Risk Management  
Ministry of Finance  
Frans Seda Building, 2<sup>nd</sup> Floor  
Jalan Dr. Wahidin Raya No.1  
Jakarta 10710, Indonesia

For Correspondence:

Attn: Director of Loans and Grants  
Frans Seda Building, 6<sup>th</sup> Floor  
Jalan Dr. Wahidin Raya No.1  
Jakarta 10710, Indonesia  
Tel: (62-21) 3458289, 3865330  
Fax: (62-21) 3812859

For Disbursements and Payments:

Attn: Director of Evaluation, Accounting and Settlements  
Frans Seda Building, 7<sup>th</sup> Floor  
Jalan Dr. Wahidin Raya No.1  
Jakarta 10710, Indonesia  
Tel: (62-21) 3864778  
Fax: (62-21) 3843712  
Email: [deas@kemenkeu.go.id](mailto:deas@kemenkeu.go.id)

For the Fund:

The President  
International Fund for Agricultural Development  
Via Paolo di Dono 44  
00142 Rome, Italy

This Agreement, dated \_\_\_\_\_, has been prepared in the English language in two (2) original copies, one (1) for the Fund and one (1) for the Borrower/Recipient and shall enter into force when both the Fund and the Borrower/Recipient have signed it as provided in Section 13.01 of the General Conditions.

REPUBLIC OF INDONESIA

\_\_\_\_\_  
[Authorized Representative]

INTERNATIONAL FUND FOR  
AGRICULTURAL DEVELOPMENT

\_\_\_\_\_  
President

## Schedule 1

### Programme Description and Implementation Arrangements

#### I. Programme Description

1. Target Population. The target groups will include: (i) the poor and near poor who have the potential to generate economic returns from agriculture with programme support; ii) active /demonstration farmers that will act as “agents of change” who have the potential to demonstrate and motivate the poor and near poor in their area to improve their livelihoods; and; (iii) landless and land-poor, including women-headed households, who will be included in activities directed at homestead gardening, improved nutrition and financial literacy. Women will be a specific target group. The targeting strategy will ensure the inclusion of ethnic groups and indigenous people who meet the programme selection criteria.

2. Programme area. The Programme area (the “Programme Area”) will include a total of 18 districts, with 14 districts within four provinces of Sulawesi Island and two districts in each of Kalimantan Barat and Nusa Tenggara Timur (NTT). READSI will continue in the five original READ districts in Sulawesi Tengah and two districts in each of NTT and Kalimantan Barat.

3. Goal. The Programme’s goal is supporting the growing prosperity of Indonesian smallholder farming families and its objective is to empower rural households in the programme area with the skills, confidence and resources to sustainably improve their farm and non-farm incomes and livelihoods through a scalable programmatic approach.

4. Objective. The Development Objective of the Programme is that rural households in Sulawesi, Kalimantan Barat and NTT are empowered individually and collectively with the skills, confidence and resources to sustainably improve their farm and non-farm incomes and livelihoods.

5. Components. The Programme shall consist of the following components:

Component 1: Village agriculture and livelihoods development. The expected outcome is: 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.

Building on the Rural Empowerment and Agricultural Development (READ) Programme, this outcome will be derived by closely integrating community mobilization with agriculture and livelihood development.

The elements of the integrated village development process include four complementary dimensions which will run in parallel with the programme supported households and common interest groups:

- i. Community mobilization;
- ii. Agriculture and livelihoods;
- iii. Savings, loans and financial literacy; and
- iv. Nutrition, including early childhood nutrition (i.e. “the first 1000 days”/1000 Hari Pertama Kehidupan).

Component 2: Services, inputs and market linkages. The expected outcome is: critical services and input markets in programme districts are sustainably improved in terms of quality, relevance, availability and accessibility to serve the needs of programme communities.

This component addresses key support services and markets, especially at the district level and the associated systems at higher levels, and is intended to improve the performance and service delivery of these key services in a more sustainable way. Each key service is addressed under a specific sub-component:

- i. Agricultural extension service (all districts).
- ii. Financial services (all districts).
- iii. Seed supply markets and system (all districts).
- iv. Cocoa farmer support services and markets (Sulawesi only).
- v. Livestock production and health services and markets (before Mid-Term Review only in NTT, possible scale up post- Mid-Term Review).

Component 3: Policy and strategy development support. The expected outcome is: supportive policy and institutional frameworks on food, agriculture and rural development.

This component will support policy development and coordination for food, agriculture and rural development, based on four sub-components:

- i. Support to key development policies;
- ii. Building capacity for evidence-based policy and planning processes;
- iii. Strengthen development partner coordination on food, agriculture and rural development policy support; and
- iv. Enhance the use of results, lessons learned and smart practices from past and ongoing development projects and programmes.

Component 4: Programme Management at national, provincial and district levels. This component supports the effective management of Programme implementation. The implementation arrangements are defined in Section II Implementation Arrangements.

## II. Implementation Arrangements

30. Approach. READSI will adopt the implementation structure of READ and will build on good practices developed by other IFAD-supported investments in Indonesia, including: operating within mainstream government systems and processes; building strong systems and processes to maximize management efficiency; benchmarking between districts and within districts and staff, enabled by independent monitoring and evaluation; strong and transparent governance structures; and incentives for strong performance.

31. Loan and grant-funded activities will be managed and reported separately.

Implementation Arrangements related to Loan-funded activities:

32. Lead Programme Agency. The Ministry of Agriculture (MoA) will be the Executing Agency (EA) with the Agency for Agricultural Extension and Human Resource Development (AAEHRD) being assigned to host the National Programme Management Office (NPMO).

33. The NPMO will be accountable for the performance of the implementation of Loan funded activities and the use of Loan funds. The NPMO will be responsible for overall consolidation and coordination of financial management and reporting.

34. The NPMO will lead the preparation of an annual work plan and budget (AWPB) for the Loan and submit it to IFAD no objection.

35. While the NPMO has overall responsibility for Loan funded activities, both component 1 and 2 have specific implementation arrangements in collaboration with sub-national agencies. The roles and responsibilities of implementing partners will be detailed in a Memorandum of Understanding between the parties and in the Programme Implementation Manual.
36. Provincial Programme Support Units (PPSU) will be set-up in each Province with the primary focus on programme administration functions, such as financial reporting, planning, and monitoring and evaluation. PPSUs are support units to the district level programme management offices.
37. District Programme Management Offices (DPMOs) will be set up in each district and focus on implementation of district level activities. DPMOs will be responsible for financial management, planning, monitoring and evaluation, and reporting related to activities in their respective district, for consolidation by the NPMO.
38. Steering Committee (SC). READSI will be overseen by a SC which will guide the overall direction of the programme. The establishment and composition of the steering committee will be defined in the Programme Implementation Manual.
39. Programme Implementation Manual. The NPMO shall prepare a draft PIM covering loan-funded activities, in a manner acceptable to the Fund. The PIM shall include among other arrangements: (i) institutional coordination and day-to-day execution of the Programme; (ii) Programme budgeting, accounting, financial management, procurement, disbursement monitoring and evaluation, reporting and related procedures; (iii) detailed description of implementation arrangements for each Programme component, including the operational modalities for the matching grant mechanisms; (iv) complaints settlement mechanism; (v) and such other administrative, technical and organizational arrangements and procedures as shall be required for the Programme.
40. The LPA shall forward the draft PIM to the Steering Committee for comments and to the Fund for no objection. The NPMO shall adopt the PIM, substantially in the form approved by the Fund, and promptly provide copies thereof to the Fund. The Borrower shall carry out the Programme in accordance with the PIM and shall not amend, abrogate, waive or permit to be amended, abrogated, or waived, the aforementioned manual, or any provision thereof, without the prior written consent of the Fund.

#### Implementation arrangements of Grant-funded activities

41. Implementing Agency. BAPPENAS will be the Implementing Agency for the grant funded activities. A Grant Secretariat will be established in the Deputy Ministry for Maritime and Natural Resources.
42. Secretariat. The Secretariat will manage and coordinate Component 3. It will manage the day-to-day work of the Secretariat under the overall supervision of the Deputy Ministry for Maritime and Natural Resources.
43. Planning. The Secretariat will be responsible for the preparation of the AWPB and procurement plan as well as reporting Grant-funded activities. The AWPB will be submitted to IFAD no objection by the Secretariat.
44. The Secretariat will coordinate closely with the Ministry of Agriculture, including the NPMO, to ensure adoption of good practices and strong coordination.

## Schedule 2

## Allocation Table

1. Allocation of Loan and Grant Proceeds. (a) The Table below sets forth the Categories of Eligible Expenditures to be financed by the Loan and the Grant and the allocation of the amounts of the Loan and the Grant to each Category and the percentages of expenditures for items to be financed in each Category:

Category	Loan Amount Allocated (expressed in USD)	Grant Amount Allocated (expressed in USD)	Percentage net of taxes and other Government contribution
1. Works	1 250 000		100%
2. Consultancies and non-consulting services	11 950 000	700 000	100%
3. Goods	3 910 000	30 000	100%
4. Training and workshops	4 540 000	200 000	100%
5. Community matching grants	12 460 000		100%
6. Operating costs	5 775 000	70 000	100%
<b>TOTAL</b>	<b>39 885 000</b>	<b>1 000 000</b>	

The terms used in the Table above are defined as follows:

- i. Goods includes equipment and vehicles
- ii. Operating costs includes administrative costs and travel allowances related to Programme activities

2. Start-up Costs. Withdrawals from the Loan account in respect of expenditures for start-up costs in Categories II, III, IV and VI, incurred before the satisfaction of the general conditions precedent to withdrawal, shall not exceed an aggregate amount equivalent to USD 300 000.

## Logical framework<sup>1</sup>

Results Hierarchy	Indicators <sup>2</sup>	Assumptions
Goal: Growing prosperity of Indonesian smallholder farming families	>76,500 smallholders households directly benefiting increase household assets by 25% more than comparable non-participating smallholder households	Assumes continued social, political and economic stability
	Chronic malnutrition reduced by 10% in children under 5yrs of age.	Indicators 2 and 3 are particularly relevant to more remote communities covered by READ SI where subsistence agriculture still has a greater importance.
	Percentage of households experiencing a hungry season is reduced by 50%	
Development Objective: Rural households in Sulawesi, West Kalimantan and Nusa Tenggara Timur (East Nusa Tenggara) are empowered individually and collectively with the skills, confidence and resources to sustainably improve their farm and non-farm incomes and livelihoods through a scalable programmatic approach.	80% of participating poor and near poor <sup>3</sup> households direct beneficiaries increase real net farming or non-farm income by >30% more than comparable non-participating households	Local and international demand for key crops does not suffered prolonged collapse in prices or demand volumes.
	Commodity and livelihood groups are active and functioning effectively in 90% programme villages; (Disaggregated by type of group, including women's groups)	Farmers do not suffer from prolonged or repeated draughts or other adverse climate conditions or natural disasters.
	Return on investment (ROI) exceeds 20%	
Outcome 1: 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.	50% real increase in labour productivity (as net farm income per day's labour) for >45,000 smallholders (60% of participating households)	Sufficient numbers of smallholder are interested in improving their production rather than leaving farming or switching to other production systems entirely. Good quality genetics and other critical are available in sufficient quantities to allow widespread adoption.
	Average yield increase for flagship and other crops for households supported on the specific crop by: <ul style="list-style-type: none"> <li>a. cocoa: &gt;150%</li> <li>b. rice: &gt;30%</li> <li>c. other crops: &gt;30% for other crops/livestock selected by farmers for support</li> </ul>	
	80% of participating households have affordable access to and use of sufficient seasonal & investment finance – whether from CBFOs, FSP <sup>4</sup> loans or own savings	Presence and interest of major banks and other FSP in programme districts in expanding services to rural households

<sup>1</sup> Logical framework has been shortened for this report.

<sup>2</sup> All indicators relating to households and individuals to have data disaggregated by gender, poverty status and ethnicity

<sup>3</sup> "near poor" defined as living on <USD3.10 (2011 PPP) per capita per day

<sup>4</sup> CBFO - community based financial organization, FSP = financial service providers e.g. banks, microfinance institutions



	50% women participating in the programme adopt improved mother and child nutrition behaviours, set-up integrated homestead and provide ongoing mutual support	Sufficient numbers of mothers and families are interested in improving the nutrition of their families. Any possible negative cultural beliefs related nutrition can be mitigated.
	80% of all machinery and infrastructure supported have easy and equitable access for all intended beneficiaries and are well maintained at the end of the programme	Elite capture of investments is avoided.
Outcome 2: Critical services and input markets In programme districts are sustainably improved in terms of quality, relevance, availability and accessibility to serve the needs to programme communities	80% of households are satisfied with the: a) relevance, b) quality, and c) accessibility of agricultural extension and advisory services provided by the public and private sector (disaggregated by provider)	
	Rice Seed – affordable, quality, certified "READ" seed (or equivalent) readily commercially available for all farmers as needed in the local market in 80% of rice producing programme villages	Enabling seed policies and practices for rice and other crops are in place or are put in place.
	PPPs set-up and functioning well with at least 3 national scale partners to improve service delivery and input supply in cocoa or rice value chains in programme locations, including at least 2 with major cocoa businesses.	Continued interest from MARS and other major cocoa business to partner with government for sector development. Willingness of key parts of MoA to have genuine PPP with private firms.
	Good quality, active local private service providers offering services and being regularly used by programme supported farmers in 80% of programme village	Private entrepreneurs and businesses are interested to run service businesses in programme districts
Outcome 3: Supportive policy and institutional framework for smallholder agriculture	At least 2 sector-wide policy work (review/analysis) undertaken and discussed at national (and district if applicable) level.	Continued GoI commitment to high levels of investment in agriculture and pressure for investment efficiencies
	Roadmap agreed upon and resources committed for GOI to scale up READ SI approach to priority locations	
Outputs	No. of farmers trained in improved production/post harvest technology (target: 65,250)	175 HH per new village plus 25 HH per old village (homestead gardening only)
	No. of mechanization service MSMEs operating (target: 450)	1 per village
	No. of women trained and receiving starter kits for integrated homestead gardening (target: 11,250)	25 per village
	No. of individuals complete financial literacy training (target: 61,200)	80% of total programme participants