
Comments of the Independent Office of Evaluation of IFAD on the country strategic opportunities programme for the Republic of Indonesia

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Action: The Executive Board is invited to review the comments of the Independent Office of Evaluation of IFAD on the country strategic opportunities programme for the Republic of Indonesia.

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Comments of the Independent Office of Evaluation of IFAD on the country strategic opportunities programme for the Republic of Indonesia

I. General comments

1. **Country strategy and programme evaluation.** The Independent Office of Evaluation of IFAD (IOE) conducted the third country strategy and programme evaluation (CSPE) for the Republic of Indonesia, covering 2013 to 2021.
2. The CSPE made five recommendations: (1) base the new COSOP on a long-term strategic vision that drives cohesive programming (involving a narrower geographic and thematic focus) and that meets the Government's evolving needs as a middle-income country; (2) develop project designs suited to the capacity of implementing agencies, the needs of targeted districts, and project duration; (3) strengthen project management units to support a more integrated programmatic approach; (4) prioritize knowledge management through a country-programme-wide strategy, which engages partners, promotes policy dialogue and stimulates regionally and internationally recognized technical capacity; and (5) develop a practical monitoring and evaluation (M&E) system that promotes innovation and enables effective management.
3. **Country strategic opportunities programme.** The new country strategic opportunities programme (COSOP) for the period 2023 to 2027 addresses most of the CSPE recommendations. The agreement at completion point – signed in June 2022 and included in the new COSOP as an appendix – mainly agreed with the CSPE recommendations.
4. The COSOP presents a succinct analysis of the country context, outlining the key issues, and government policies and institutions in the agricultural sector. IOE notes that many of the lessons learned draw on the CSPE findings, including on capacity levels of implementers, project staffing, the promotion of gender equality, policy engagement, and support for sustainable peatlands management. IOE also agrees with the COSOP that IFAD's comparative advantage in Indonesia lies in: (i) supporting institutional change within government systems; (ii) working at the grass-roots level and developing inclusive strategies that empower small-scale producers; and (iii) promoting innovation.
5. The two strategic objectives (SOs) of the new COSOP are: SO1 – small-scale women and men producers increase their income from diversified, profitable and resilient production that meets their food security and nutrition needs, meets demand from local and international markets, and sustainably manages natural resources; and SO2 - institutions and organizations, from village to national level, strengthen their capacities to respond to the needs of small-scale producers. Both objectives are relevant to the Government's priorities for the agricultural sector, IFAD's own strategic objectives, as well as the United Nations Sustainable Development Cooperation Framework and the 2021–2025 Rome-based agencies' joint country strategic plan.
6. The COSOP incorporates some of the CSPE's conclusions and recommendations. In line with recommendation 1, it promotes stronger internal coherence (paras. 33, 34, 35 and 38), external coherence (paras. 50–53) and South-South and Triangular Cooperation to increase the global presence of Indonesia as a middle-income country (para. 39). It also narrows the thematic scope to business and value chain development (SO1). Recommendation 2 is largely addressed by SO2 in that it aims to build the capacity of implementation stakeholders and allow more flexibility in project designs to adapt to the capacities and priorities of targeted districts. IOE also acknowledges the COSOP's response to recommendations 3 and 4 on project management and knowledge management, respectively. The COSOP provides

strategic guidance to improve the quality of project management units (paras. 56–59) and to strengthen project and country programme knowledge management (para. 38).

7. At the same time, there are some issues in the country programme that will require attention in light of the new COSOP. Notably, certain aspects of CSPE recommendations 1 and 5 and some key findings are not sufficiently covered by the new COSOP, suggesting the need to monitor certain issues during its implementation.

II. Specific comments

8. **Geographic focus.** The new COSOP refers to targeting eastern Indonesia, which has the highest rates of poverty, as well as other regions where the largest number of rural poor live and where the Government expects IFAD to test innovative approaches suiting diverse contexts. Targeting different areas of the country is also in line with the lesson learned in the COSOP that geographically focused projects have better prospects of succeeding than geographically dispersed ones.
9. While this logic stands, the COSOP's countrywide coverage overlooks two CSPE findings. First, that insufficient depth of understanding of local contexts in diverse settings has inhibited the design and implementation of contextually relevant projects. Second, that IFAD resources were insufficient for the country team to adequately support a large portfolio spanning the entire country (three time zones).
10. **Business and value chain development.** SO1 of the new COSOP focuses on business and value chain development with the expectation that poorer and more vulnerable target groups will be engaged as service providers, entrepreneurs and employees. The CSPE acknowledged that the shift in emphasis from production only to a value chain approach and entrepreneurship reflected the Government's changing priorities and was appreciated by some beneficiaries.
11. However, it also found the interventions to improve market access and value chain development to be the least effective of the country programme. The COSOP does not explain how some of the limitations identified by the CSPE will be overcome. Project value chain approaches often looked for markets for products rather than being market-led based on thorough studies. The outcomes of investments to improve storage facilities and access routes and to strengthen enterprise groups were not properly measured. Lastly, farmers preferred existing trusted buyers rather than new project-brokered market arrangements.
12. **Monitoring and evaluation.** The new COSOP prioritizes the strengthening of M&E systems for both project management units and district and provincial staff through various means. These efforts have the potential to contribute to developing practical M&E systems that promote innovation and effective management (CSPE recommendation 5). The IFAD Country Office has proposed the establishment of a project service unit in the Ministry of Agriculture to take charge of M&E, procurement and financial management; however, this is still under consideration by the Government. Furthermore, the COSOP does not refer to the need to improve project impact studies, which the CSPE found to be universally weak in terms of their design, execution, quality assurance, and hence utility.

III. Final remarks

13. IOE appreciates the direction of the COSOP and its reference to CSPE findings, conclusions and recommendations. Issues of geographic coverage and business and value chain development should receive Management's regular attention, and corrective action should be taken under the country programme when necessary. Project impact studies need to be of a higher quality to demonstrate the credible impact of investments on poor rural women and men.