

Policy study to add value to the project design process

Indonesia



Investing in rural people

Country-level policy engagement aims to support the development and implementation of national policies that shape the economic opportunities for poor rural people. These case studies illustrate that by utilizing innovative mechanisms for policy engagement, large impacts are achievable with limited resources.

The activities carried out in this case study were financed using resources made available under the Innovation Mainstreaming Initiative (IMI) supported by the United Kingdom.

Issues

The Integrated Participatory Development and Management of Irrigation Project (IPDMIP) in Eastern and Western Indonesia is a major initiative supporting smallholder irrigated agriculture in that country. The project is expected to start in 2016, supporting smallholder farmers who depend on irrigation in up to 74 target districts in 16 provinces. The total project cost is expected to be around US\$1.0 billion.

In 2014, the Government of Indonesia requested IFAD to join forces with the Asian Development Bank to design and finance a new investment focused on irrigated agriculture. The request reflected the government's desire to ensure that externally financed projects offer innovative solutions to the development challenges it faces; that project innovations – products, approaches and technology – can be scaled up; and that it is assisted in learning from the experience of implementation, and in drawing on this learning to develop new policies, institutional arrangements and programmes. The involvement of IFAD in the project design process and as cofinancier was seen as strengthening the likelihood of achieving these aims.

IFAD identified three main areas where it could add value to a project design that was initially focused on rehabilitating and managing irrigation systems: (i) in addressing issues affecting irrigated crop production and market access for smallholders; (ii) in targeting the project more effectively and introducing a focus on farmers' empowerment; and (iii) in enhancing the linkage between the project and national policies. The project will support the government's policy and strategic priorities for smallholder irrigated agricultural production and produce marketing, and its implementation is intended to assist the government in operationalizing these priorities, particularly at the provincial and district levels in the context of its decentralization policy. The project will also pilot a range of innovative approaches and technologies at the scheme and farmer levels; and it will draw evidence from the experience of implementation to inform the design of relevant national, provincial and district policies and practice, and provide feedback on those already in place.

Actions

To respond to the government's concerns, IFAD used IMI financing to commission a study to accompany the project design process and determine how the project could best assist the government in strengthening the policy and institutional frameworks for irrigated agriculture. To do this, the study was to include recommendations for strengthening the use of knowledge in policy design and implementation, guiding and leading learning within the project, and operationalizing this learning through arrangements for project governance and management, including monitoring and evaluation (M&E).

Summary

IMI funding: US\$30,000

Key objectives: IFAD commissioned a study to determine how a major project under design could best be structured to assist the Government of Indonesia in strengthening the policy and institutional frameworks for irrigated agriculture.

Lessons and successes: Study findings helped to shape the project design process by providing a stronger focus on and orientation towards policy, supporting the establishment of a dedicated policy-focused institution within the Ministry of Planning, and providing more robust and integrated systems of project M&E. The methodology used will be developed further as part of the IFAD toolkit for policy engagement.

Three consultants – specialists in policy, knowledge management and irrigation – took a month to complete the study. It resulted in an extensive review of government policies, associated legal instruments and governance arrangements, and a mapping of the main actors involved in knowledge production, intermediation and demand/use in the smallholder irrigated agriculture sector. The study used an approach developed by researchers from the United Kingdom's Overseas Development Institute for analysing interactions among knowledge, policy and power in international development.

The study found that the government's demand for evidence to support policy processes is still limited, particularly at the local government level, although there is genuine interest in and commitment to developing partnerships with the knowledge sector. Government respondents were interested in forging agreements with universities to support partnerships for jointly producing and analysing policy-relevant knowledge, but they did not always recognize the possible role of civil society organizations (CSOs) in the policy process. However, the research institutes interviewed believed that consortia where government, universities and CSOs could all come together to support an evidence base for decision-making would be beneficial.

The study's primary recommendation, which will likely be incorporated into the project design, is to establish a knowledge management centre (KMC) within the Directorate of Water Resources and Irrigation of BAPPENAS, the Ministry of Planning. The KMC would function within the project structure and be responsible for independent M&E, as well as having a wider remit related to knowledge management and policy development for smallholder irrigated agriculture. It would draw lessons from the implementation of different projects and promote more coordinated approaches; offer policy and learning support to projects; and share lessons learned to promote policy dialogue among domestic stakeholders, support national and local policy processes and advocate for policy changes where appropriate. Importantly also, the KMC would strengthen institutional frameworks to ensure more effective multisectoral coordination across government.

Other recommendations included using the project as a continuing learning opportunity (or learning project), piloting evidence-informed policy dialogue, and allying with movers within the government interested in the irrigation sector and evidence-based policy. The study also suggested engaging with three new laws (on local governance, villages and the civil service), the extension law, and the legal framework for water user associations, all of which provide opportunities for IFAD to pursue and consolidate the project objectives and work with its target group.

Lessons learned

At the time of writing, the project is still under design, so the outcomes are not yet known. However, several lessons can be drawn.

While the policy study had clear objectives related to the project design, it was conducted as an experiment to increase understanding of the added value of incorporating policy review into the project design process. Indonesia provided a complex but interesting place for testing the value of carrying out a sector-specific policy study during project design, and for improving understanding of the tools needed to accomplish this objective. (A toolkit providing more guidance is currently being developed.) The exercise also highlighted the importance of integrating a study of this sort into the overall project design process, and reinforced the value of linking the policy elements of the project with its M&E system.

The study was unquestionably valuable in shaping the overall design of the project and enhancing its focus on and orientation towards policy. It was also able to take advantage of, and respond to, the government's interest in tackling policy development for the irrigated agriculture sector; and, in partnership with officials from BAPPENAS, the consultancy team was able to develop the detailed proposals for the KMC as a major player in policy processes. Establishment of the KMC is expected to be financed through an IFAD country grant. This proposal implies a potentially large contribution by IFAD to nationally-owned policy processes for the sector, creating significant opportunities for strengthening the enabling policy and institutional framework for smallholder irrigated agriculture in Indonesia.



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