

Third Party Evaluator's Opinion on The Telephone Outside Plant Maintenance Center Phase (2)

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Scope of the Project:

1. Construction of Outside Plant Maintenance Centers (OPMC) in 15 locations;
2. Provision of maintenance equipment and materials to the 15 locations of OPMC

Loan Amount / Disbursed Amount: 3,854 million yen / 2,451 million yen

Implementation Schedule : November 1994 to March 2001

Field Survey : August 2003

The Relevance

Construction of Outside Plant Maintenance Centers (OPMC) in several location in Indonesia and provision of maintenance equipment and materials of these plants has very high relevance. This project contribute to the improvement of the quality of telecommunications services through shorten recovery times, reduces failure rates and improve the call completion rate (CRR). This project consistent with the goal of Indonesia' s sixth five-year national development plan: REPELITA VI (1994-1997) to "increase the efficiency and reliability of telecommunications services", and coinciding with the goal of the national development plan: PROPENAS (2000-2004) to "develop IT infrastructure and improve telecommunications access" and the goal of the executing agency's long-term business plan to "improve and upgrade telecommunications services".

Efficiency

The report did not explain whether or not the project was cost efficient. Instead the report mentioned that the actual cost was much lower than the estimate at the time of appraisal (about 25.1%). The cost under-run resulted mainly from depreciation of the local currency (Rupiah), which exceeded inflation, and competitive binding which enabled equipment to be procured efficiently. Lastly, it is possible that the cost reduction resulted from the change in number or location of the project (changes in the project scope).

The report pointed out that the project was completed 22 months behind the schedule because of (1) the time required to complete domestic formalities and to make the necessary alterations to the package, and (2) holdups in equipment procurement procedures due to the social and political disruption.

Effectiveness

Construction (OPMC) and provision of maintenance equipment and materials of these plants has Improve reliability and quality of telecom services. As pointed out by this report the Fault ratios, Ratio of breakdown derived from outside facilities and Local CRR have been improved in Jakarta and East Java. Furthermore, fault recovery ratio and Mean time to repair also improved. However, Not all improvements in service reliability were brought about by this project since several other telecom sector projects were implemented during much the same timeframe, and no data were available on improvements in customer service quality in the East Java region.

The report states that the FIRR of the project was calculated at 14.3% at appraisal. However, the FIRR was not recalculated during ex-post evaluation. Since the FIRR may be seen as indication of the effectiveness of the project to recalculated FIRR in local currency by using appropriate interest rate still needed in making proper and accurate evaluation of this project.

Impact

The report pointed out that this project had positive impacts on local economic activities, and non-quantifiable positive socio-economic impacts on the regions. More than 70% of interviewees in

Jakarta and East Java (100 in each area) stated that they were either “highly satisfied” or “satisfied” with telecom service content, with many pointing out that “communication has improved with distant relatives” and “it has led to expanded job opportunities”.

Sustainability

On the sustainability, the report considers three factors, i.e., Technical capacity, Operation and Maintenance System, and Financial status. The report points out that the employees assigned to perform operation and maintenance work have sufficient technical capabilities and there are no problem in this area. Furthermore under new organizational structure, the executing agency has subsequently been working to strengthen its business through effort to expand the scope of its services, improve customer services and improve the health of it finances.