Indonesia

Regional Areas Infrastructure Development Project (II)

Field Survey: December 2002

1. Project Profile & Japan's ODA Loan

All over Indonesia, excluding Java-Bali was covered in this project

A village road (developed via the project)

1.1 Background

In Indonesia's sixth five-year national development plan (REPELITA-VI), which started in 1994, the government designated poverty reduction as one of its key policy goals. Specifically, it aimed to reduce the population below the poverty-line from 25.9 million (approximately 13.7% of the total population) at the end of fiscal 1993 to 12 million (approx. 6%) by the end of fiscal 1998.

To achieve this goal, and in view of the need for policies targeting a more specific section of the population, not only nationwide economic growth alone, the government executed two measures for villages identified as being "backward" in a Central Bureau of Statistics (BPS) survey of 1994. The first was the IDT program, a special presidential subsidy designed to supply working capital for production activities on a village base. The second comprised a regional-level infrastructure development project, with the synergies of the two programs expected to contribute to the development of backward villages. Supporting the development of backward villages was assigned high priority by the government in terms of their strategic importance in contributing not only to the region but also to national stability, growth and equity.

1.2 Objectives

Even among backward villages there are approximately 28,000 communities which have potentiality for development but it is hampered by a lack of access or other factors; the purpose of this project was to contribute to reducing poverty through self-sustaining development in these villages by constructing and improving the access infrastructure and simple water facilities of local villages outside Java and Bali, which were being targeted by a similar project funded by the World Bank.

1.3 Outputs

The following infrastructure was either constructed or improved (sub-projects)*[1] in those backward

[1] This project follows on from the "Infrastructure Development Project (L/A conclusion: November 1994; final disbursement date:

villages selected on the basis of BPS data (PODES: Potensi Desa: village potential status survey)*[2].

1) Access infrastructure: simple paving of village access roads (including bridges). Improvements to piers for villages located in coastal regions.

2) Simple water facilities: installation of pipe systems, etc. for use as communal water faucets, including sanitation facilities (MCK: maudi, cuci, kakus: a water facility combining a well, public bathing, toilet and piping).

3) Consulting services: monitoring of project progress

1.4 Borrower / Executing Agency

Republic of Indonesia / Ministry of Settlement and Regional Infrastructure (former Ministry of Public Works, Directorate General of Highway, Directorate General of Human Settlements), Ministry of Home Affairs and Regional Autonomy (former Ministry of Home Affairs, Directorate General of Regional Development, Directorate General of Village Community Development). Overall project coordination and monitoring is the responsibility of the National Development Planning Agency (BAPPENAS).

1.5 Outline of Loan Agreement

Loan Amount / Loan Disbursed Amount	29,738 million yen 29,283million yen
Exchange of Notes Loan Agreement	January 1998 January 1998
Terms & Conditions Interest Rate Repayment Date (Grace Period) Procurement	 2.7% p.a. 30 years (10 years) General untied
Final Disbursement Date	February 2001

2. Results & Evaluation

2.1 Relevance

As with Phase I, the purpose of this project was to develop access infrastructure and simple water facilities in clusters of 3-5 villages that were deemed to have high development potential, having been selected from among those villages identified in BPS survey data as being "backward", as a means of contributing to self-sustaining development and the reduction of poverty in these communities. In 1976, Indonesia's poor numbered 54.2 million (40.1% of the total population, but by 1996 this number had been reduced to 22.5 million (11.3%), evidencing

December 1998) funded by the Japan Bank of International Cooperation (JBIC), and does not include any of the villages targeted under Phase I.

[2] The Central Bureau of Statistics (BPS) and the National Development Planning Agency (BAPPENAS) have been conducting these surveys at three-year intervals since 1973; the results of the 1996 survey were used to select villages for the Phase II project. Items included in the PODES data that were considered related to investment efficiency, project sustainability and so forth (village populations, access to shops, access to permanent markets, the development status of educational facilities, etc.) were assigned points and divided into five groups; those villages with high scores in the top two groups were taken as having high development potential.

marked improvement in the absolute number of the poor and in their percentage of the total population. However, as suggested by the fact that the government's sixth five-year national development plan (REPELITA-VI: 1994-1998) made overcoming poverty a major policy objective, poverty reduction continues to be a key development target for Indonesia and the project plans were thus relevant*[3].

The Indonesian economy was severely affected by the currency crisis of 1997 and the poor population was estimated to be 49.50 million in the BPS survey of December 1998 (24.2% of the total population). The subsequent economic slump has been protracted and, as stated in the national development plan (PROPENAS) covering 2000 through 2004, poverty reduction through the development of villages continues to be a priority development target for Indonesia; this project thus remains relevant at the evaluation time point.

2.2 Efficiency

2.2.1 Outputs

The original plans targeted approximately 3,700 villages throughout Indonesia*[4] with the exclusion of Java and Bali; however, villages with compelling infrastructure development needs were added, with the result that sub-projects were implemented in a total of 7,580 villages. These output increases were relevant to the objective of reducing poverty in backward villages in that the currency crisis plunged the rural poor into even deeper poverty so that even two years after this project was initiated many backward villages continued to seek the support provided by this project. During Phase I, infrastructure was developed in 3,444 villages, which, combined with the work undertaken during Phase II, makes for a total of 11,024 villages, i.e. the execution of sub-projects in approximately 40 percent of all backward villages in Indonesia. A breakdown of the distribution of the villages covered by this project (actual) is given by province in Table 1.

Table 1: Distribution of Villages by Province (actual figures)

Target regions (21 provinces)	1997/98-1998/99		1999/2000		Total	
	Villages	Percentage	Villages	Percentage	Villages	Percentage
D.I. Aceh	105	2.3	320	10.6	425	5.6
North Sumatra	115	2.5	160	5.3	275	3.6
West Sumatra	65	1.4	115	3.8	180	2.4
Riau	130	2.9	130	4.3	260	3.4
Jambi	110	2.4	130	4.3	240	3.2
South Sumatra	75	1.6	125	4.1	200	2.6
Bengkulu	20	0.4	120	4.0	140	1.9
Lampung	50	1.1	130	4.3	180	2.4
West Nusa Tenggara	205	4.5	60	2.0	265	3.5
East Nusa Tenggara	528	11.6	270	8.9	798	10.5
East Timor	225	4.9	--	--	225	3.0
West Kalimantan	265	5.8	170	5.6	435	5.8
Central Kalimantan	290	6.4	120	4.0	410	5.4
South Kalimantan	325	7.1	200	6.6	525	6.9
East Kalimantan	195	4.3	95	3.1	290	3.8

[3] The World Bank's "Village Infrastructure Project" and "Kecamatan Development Project" were modeled on this project (Phase I).

[4] Provinces outside Java and Bali were targeted, but (1) regencies in which clusters of three or more villages could not be formed and (2) regencies in Sumatra covered by any of the various World Bank projects were excluded as targets for support.

North Sulawesi	210	4.6	125	4.1	335	4.4
Central Sulawesi	240	5.3	130	4.3	370	4.9
South Sulawesi	390	8.6	135	4.5	525	6.9
Southeast Sulawesi	155	3.4	105	3.5	260	3.4
Maluku	355	7.8	140	4.6	495	6.5
Papua	507	11.1	240	7.9	747	9.9
Total	4,560	100.0	3,020	100.0	7,580	100.0

Source: BAPPENAS

The initial plans called for the development of access infrastructure (simple paving of roads and bridges; improvement of piers) and simple water facilities (pipe systems for communal faucets; installation of sanitation facilities), but field surveys of backward villages that were conducted during the implementation phase revealed compelling infrastructure development needs capable of contributing more directly to economic development, and accordingly the construction of small-scale irrigation and market / processing facilities for agricultural produce were added. Details of infrastructure outputs (actual) are given in Table 2.

Table 2: Project Execution Status (actual figures)

Facility/Structure	1997/1998		1998/1999		1999/2000		Target villages (%), total no. of sub-projects
	Villages	Sub-projects	Villages	Sub-projects	Villages	Sub-projects	
Roads (km)	1,284	5,453.4	2,611	8,974.7	2,675	11,156.4	6,570 (86.7%) 25,585
- Earth		1,682.9		3,542.2		3,071.8	
- Gravel/Macadam/Telford		3,238.1		5,167.7		7,132.6	
- Others		532.4		264.8		952.0	
Bridges (m)	689	48,135	1,403	49,169	1,539	45,509	3,631 (47.9%) 142,813
- Wood		32,820		37,514		34,648	
- Steel		491		733		2,591	
- Concrete		2,237		1,541		2,034	
- Others		12,588		9,382		10,237	
Piers (units)	223	269	341	460	308	400	872 (11.5%) 1,129
Simple water mains facilities (units))	666	4,779	1,278	9,069	1,125	9,561	3,069 (40.5%) 23,409
		689		968		777	
- Piped gravity system		7		183		270	
- Spring water collector		1,189		1,746		1,061	
- Public hydrant		2,327		3,973		4,566	
- Dug well		199		1,431		1,610	
- Rain water collector		103		496		543	
- Well and hand pump		265		272		734	
- Others							
Sanitation facilities (units)	527	2,615	1,157	4,749	1,112	4,684	2,796 (36.9%) 12,048
Small-scale irrigation (units)	--	--	--	--	216	3,078	216 (2.8%) 3,078
Produce market / processing facilities (units)	--	--	--	--	157	2,295	157 (2.1%) 2,295

Source: BAPPENAS

＊Since various infrastructure was developed in each village the number of villages by facility provided does not tally with the total number of villages covered by the project.

2.2.2 Project Period

Under initial plans, the entire execution period was scheduled to run from May 1997 through October 1999 (i.e. from consultant selection through the completion of consulting services); however, the project was in fact completed in December 2000. Notwithstanding, the original outputs were completed according to the initial plans.

2.2.3 Project Costs

Under initial plans, total project costs were budgeted at 39,651 million yen with ODA loan to cover 29,738 million yen, or 75 percent of the total. Final project costs were 33,458 million yen and the Bank's actual loan disbursement 29,283 million yen; in other words, both figures were kept within the original budget. The costs for the construction component breakdown as follows: roads 62.8%, bridges 13.4%, piers 2.7%, water supply facilities 10.7%, sanitation facilities 8.7%, small-scale irrigation 1.1%, and market / processing facilities 0.6%; with sub-projects being selected based on the needs of individual villages. Project costs were kept within the initial budget in spite of the fact that the number of target villages was increased and additional outputs executed, including the preparations for the Phase III project, because the currency crisis that occurred during the implementation phase resulted in the collapse of the rupiah.

2.2.4 Execution System

In addition to the Bureau of Regional District and Rural Development of BAPPENAS – the overall project coordinator, a central coordination team was set up comprising representatives from the Ministry of Finance, the Directorate General of Highway / the Directorate General of Human Settlement of the former Ministry of Public Works (now the Ministry of Settlement & Regional Infrastructure) and the Directorate General of Regional Development / Directorate General of Village Community Development of the former Ministry of Home Affairs (now the Ministry of Regional Autonomy and Home Affairs). This team formed project management units (PMU) which were responsible for project supervision.

Added to which, in order to facilitate cooperation and coordination among the various administrative organs, similar coordination teams were set up at the provincial and Kabupaten (regency) level. Specifically, as the key players in project execution, the Kabupaten governments were assigned major roles that included drafting plans, placing orders with contractors, monitoring and evaluating progress, and reporting to the provincial and central government. The village level community welfare organizations (LKMD) were contracted to execute some of the construction work (community participation) on the basis of the contracts with the contractors, and, as detailed later on in this report, have been responsible for the operation and maintenance of the sub-projects since their completion.

Many (related) organizations were involved in this project, but coordination teams were set up at each level of the bureaucracy and their individual roles were clearly stipulated. Moreover, assigning significant powers to BAPPENAS (the overall project coordinator) and to the regency governments, which were responsible for actual execution, facilitated the smooth implementation of this project.

2.2.5 Participation of Target Villages

Villages and infrastructure components were selected from a list of candidate villages formulated by the central government (BAPPENAS), with the Kabupaten governments setting up clusters*[5] of 3-5 villages, assigning development priorities and submitting the proposals to the central government via the provincial governments; the central government carried out the final assessments. This project employed a participatory approach that gave precedence to proactive community involvement. However, the involvement of some village level governments and community welfare organizations (LKMD) in the selection of target villages and infrastructure components (sub-projects) was limited, the same was also true at the planning and design phases of the project, and generally speaking, efforts to promote community participation involved hiring local residents to undertake construction work during the project's implementation phase.

2.3 Effectiveness

1) Status & Function of (Individual) Facilities

As stated above, this project was executed over a three-year period. Since completion, the project consultants have conducted two monitoring surveys with a view to confirming the outcomes and benefits of those sub-projects executed during fiscal 1997/98. The first survey was carried out 2-3 months after the completion of the fiscal 1997/98 components, the second after 14-15 months had elapsed (approximately one year after the first survey). These surveys examined the current condition (whether favorable or no) and function (whether useful or no) of the facilities on the basis of questionnaires undertaken in individual villages*[6] (see Table 3).

Table 3: Assessment of Infrastructure Status / Function based on the Effect / Benefit Confirmation Survey

Infrastructure	First survey (2-3 months post-completion)	Second survey (14-15 months post-completion)
■Physical state of developed infrastructure (favorable)		
Access roads	80.0%	75.0%
Bridges	89.1%	83.8%
Piers	90.0%	100.0%
Simple water mains facilities	92.0%	68.0%
Sanitation installations	92.6%	92.6%
■Functional state of developed infrastructure (beneficial)		
Access roads	70.0%	70.0%
Bridges	83.7%	81.1%

[5] Due to concerns that it would not be possible to construct access roads efficiently if the target villages were overly scattered, clusters of 3-5 villages located in geographical proximity were organized when the plans for the sub-projects were being drafted (many clusters were formed in district units). It was initially hoped that the clusters would only be formed from villages that were classified into the top two groups on the basis of development potential but this proved difficult, and thus a component ratio of 60%+ villages with high development potential was applied as a yardstick for cluster formation.

[6] The surveys were conducted in 155 villages selected at random by the consultants (approx. 10% of the villages covered by sub-projects completed during fiscal 1997/98); valid responses were received from 105 villages for both the first and second surveys. The survey results were aggregated and analyzed on the basis of the responses received from these 105 villages. The questionnaire responses were complied from the results of interviews conducted by the consultants for each regency, with village headmen, the leaders of the LKMDs and other influential community members, and the results of the field survey, and were approved by the village headmen.

Piers	90.0%	80.0%
Simple water mains facilities	80.0%	60.0%
Sanitation installations	85.2%	81.5%

Source: Project consultants

The survey confirmed that at 2-3 months post-completion (first survey) more than 80 percent and at 14-15 months (second survey) about more than 70 percent of all facilities were in favorable condition. As to functionality, in the first survey answers showed that more than 70 percent of facilities were proving to be of use to the villages, while in the second survey this was true of more than 60 percent. As this demonstrates, the sub-projects are judged to be in good condition and to be serving their purpose by villagers.

Nevertheless, these results show that, with the exclusion of the piers, the physical and functional condition of infrastructure that was developed through this project had deteriorated between the first and second surveys. The executing agency and the LKMD leaders who are responsible for facilities maintenance have confirmed that the durability of the facilities per se and problems funding maintenance represent the principal reasons for the low response levels in the second survey. Specifically, the assessments of the simple water facilities, which require more routine engineering techniques and equipment replacement than other infrastructure facilities, both in terms of physical condition and functional status, were slightly lower than those for other facilities, indicating a need for ongoing support and regular monitoring by the Kabupaten and Kecamatan (district) level governments.

2) Effects on Regional Societies

(1) Improved Access

The development of (access) roads has made regional centers of economic activity, such as Kecamatan government offices, etc. more accessible on public transport, freed rural communities from their isolation, and formed the basis for economic development. It has become easier to transport agricultural produce to market (as compared to pre-implementation) and transport costs are lower, which means that in certain instances the buying prices of traders have also improved. In the past roads would become muddy and impassable to traffic during the wet season, but in many regions the roads now stay in relatively stable condition throughout the year.

According to the aforementioned outcome / effect confirmation surveys, travel times to local government offices have decreased by 35.0 percent in the dry season and by 31.5 percent in the wet season as compared to their pre-project levels. Similarly, there are reports that travel times to major regional markets have been cut by 35.7 percent in the dry season and 31.3 percent in the wet season. Furthermore, the construction of access roads has not only improved the

accessibility of centers of economic activity, but has also enhanced access to educational (elementary and junior high schools) and health facilities (health centers and child birth facilities).

This project also involved the development of bridges along the access roads. The bridges were small, measuring approximately 10 meters in length, but have, in many cases, improved access, especially to neighboring communities.

Fig. 1: Access road

Fig. 2: Bridge (wooden)

(2) Improved Health & Hygiene

The development of simple water and sanitation facilities has improved health and sanitation environments in the regions. The water from water supply facilities is serving various purposes, either as drinking water or for domestic uses. Furthermore, the installation of sanitation facilities has reduced the levels of sewage and wastewater flowing into local lakes and rivers. According to the results of the outcome / effects confirmation survey, 21.3 percent and 18.8 percent of respondents stated that "the percentage of excreta being disposed of in lakes / rivers" has decreased as compared to pre-project levels for the dry season and the wet season, respectively.

Fig. 3: Water Supply & Sanitation Facilities

Fig. 4: Interior of sanitation facilities

In the villages visited during the course of this field survey, it was confirmed that whilst villagers used to pass urine throughout the village, they have now learned to use the sanitation facilities that were developed through this project and since the water quality of lakes and rivers has improved, the incidence of diarrhea has decreased.

Added to which, the development of water supply and sanitation facilities is contributing to improvements in sanitary conditions in the regions and in the homes of local residents. This outcome is believed to be more prominent among women in that it has improved sanitary conditions during pregnancy and childbirth and reduced the incidence of concurrent diseases resulting from poor hygiene.

[Case Studies]

A. Tanjung Siporkis village, Gallang district, Deli Serdang

Tanjung Siporkis village is located an hour's distance from Lubukpankam, where the Deli Serdang Kabupaten government offices are located.

1) Village Profile

・Population: 929 (180 households)

・Ethnic composition: Java (80%), Batak (10%), Melayu (10%)

2) Infrastructure developed through this project (FY1998/99)

・Access roads (1.58km)

・Bridges (2)

・Sanitation facilities (2)

3) Outcomes produced by individual facilities

Access Roads

A 1.58 km access road was constructed in the village, and the regency government has funded the asphalting of a 900m section. The road is generally considered to be in favorable condition. According to local residents, the construction of the road has improved access to markets and made it easier to transport agricultural produce. Anecdotally, there is also evidence that the improved access has increased the buying prices offered by traders. Access to social service facilities, such as schools and health facilities, has also been facilitated.

Bridges

Two (wooden) bridges were constructed in the village. Only one bridge is currently in use as the other was destroyed by a flood. The bridge spans the river on the boundary with the neighboring village and before it was built the villagers had to ford the river or take a roundabout route to reach the next village.

Sanitation Facilities

Two sanitation facilities were constructed in the village. One of these is not currently in use as the pump is broken. The facility that is in use is in favorable condition.

4) Other matters

According to the village headman, the implementation of the project has fostered a sense of participation in administrative matters among the villagers and the status of tax payments has improved. Moreover, the biggest problem facing this village is a lack of employment (unemployment stands at around 30%), and the fact that the project created many temporary jobs for the villagers has been highly evaluated.

Wollangi village, Barebbo district, Bone

The village of Wollangi is located an hour's distance from Watampone, where the Bone Kabupaten government offices are located.

1） Village profile
・Population: 703 (140 households)
・Ethnic composition: Bugi (100%)
2） Infrastructure developed through this project (FY1998/99)
・Access roads (1.83km)
・Simple water facilities (5)
・Sanitation Facilities (4)
3） Outcomes produced by individual facilities

Access Roads

The road was graveled and is basically in good condition. Its construction has improved access to the local market. It was also confirmed that the road has improved access to schools and health facilities.

Simple Water Facilities / Sanitation Facilities

The facilities were basically combined. They are generally in favorable condition. According to interviews with residents living nearby, the water from the water supply facilities (drawn using a hand pump) is serving various purposes as drinking water and for domestic use. The sanitation facilities, particularly the toilet, are functioning effectively. The village headman reports that before the sanitation facilities were built villagers used to pass urine throughout the village, but because they now use the facilities the quality of water in rivers and lakes has improved and this has improved sanitary conditions (there is less diarrhea). During the visit, it was confirmed that UNICEF (United Nation's International Children's Emergency Fund) had installed a hand pump. The period of installation was almost the same as this project and its condition was also good.

4） Other matters

There is anecdotal evidence that the development of this type of infrastructure has improved the lives of the village's womenfolk. Apparently, the development of access roads has reduced the costs of housework and the time involved and women are now able to devote their free time to the production of handicrafts, etc.

2.4 Impacts

1) Regional Administration & Community Capacity Building

This project involved the execution of sub-projects with the proactive participation of the residents of target villages, under the guidance of central and regency government representatives. It is helping Indonesia to move away from centralized power to a system that taps into regional needs during planning processes that take place within regional bureaucracies. During the process of developing access infrastructure, water and sanitation facilities, the village headmen, LKMD leaders and other community leaders experienced a participatory planning process when selecting the type of infrastructure to be developed: soliciting the opinions of residents, making the necessary adjustments and looking into the priorities for development. According to the outcome / benefits confirmation survey, 25-35 percent of villages covered felt that their skills had improved in terms of "organizing / motivating residents", "convening meetings", participating in Kecamatan / Kabupaten level meetings", "development administration" and "implementing the various LKMD activities" as the result of this project. The decentralization laws were enacted in May 1999 (and came into effect in January 2001). In consideration of the fact that these laws clearly state that development in the regions is to be led by local governments (provincial and Kabupaten), it is suggested that the techniques and skills relating to village development that were fostered through the

implementation of this project have resulted in the accumulation of knowledge that is useful to promoting regional development within local government.

2) Gender Impacts

In interviews conducted with the executing agency and with village residents during this survey we heard many reports of favorable changes occurring in the lives of the women in backward villages that were attributed to the infrastructure development work undertaken through this project.*[7]

Anecdotally, there was much evidence to suggest that the women have been able to reduce the time of housework, which has given them more free time to spend on other pursuits (visiting others in the community, producing handicrafts, etc.).

The aforementioned improvements in sanitation facilities have also had a positive impact on (pregnant) women.

3) Environmental Impacts

No particular negative impact on environment caused by this project has not been reported. As evidenced by the aforementioned beneficiary opinion survey, it is thought that the development of simple water and sanitation facilities has had the positive effect of improving water quality in rivers and lakes.

This project did not involve any land acquisition or resettlement of residents.

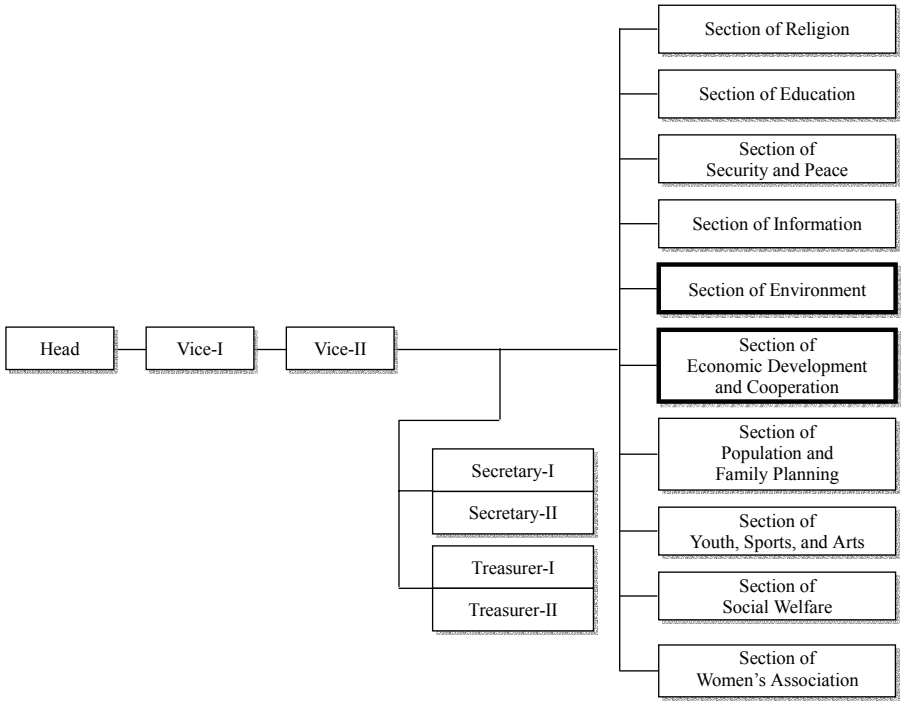
2.5 Sustainability

1) Operation and Maintenance Organizations

The operation and maintenance of project infrastructure is, in principle, carried out by the LKMD upon the completion of the various sub-projects. As shown in Figure 5, these committees generally comprise ten sections, with responsibility for operation and maintenance being assigned to either the Section of Environment or the Section of Economic Development and Cooperation. There are no indications of any problems that might affect the sustainability of the project in terms of the technical capacity, organization or financial status of these committees.

[7] Interviewees were 100 persons randomly selected in Pantai Labu and Gallang in Deli Serdang, North Sumatra and Barebbo and Dua Boccoe in Bone, South Sulawesi.

Figure 5: Organizational Chart of Village Level Community Welfare Organization (LKMD)



2) Operation and Maintenance System

The LKMD are required to procure all necessary resources for operation and maintenance and to undertake the necessary operation and maintenance work. With the exception of technical guidelines on operation and maintenance, the LKMD receive no special support from their superiors (regency governments, etc.). Materials that can be procured within the villages are used for operation and maintenance activities, which are undertaken by the villagers.

In connection with the operation and maintenance status of project infrastructure, as detailed in the section on project effectiveness, the two outcome / effects confirmation surveys confirmed that at 2-3 months post-completion (first survey) more than 80 percent and at 14-15 months (second survey) about more than 70 percent of all facilities were in favorable condition, and there were no indications of any particular problems.

In the villages visited during the course of this survey, while there were cases in which operation and maintenance activities were being appropriately conducted under the guidance of village leaders, there were scattered instances in which such work was not being undertaken properly.

Fig. 6: An upgraded access road

3. Feedback

3.1 Lessons learned

None

3.2 Recommendations

None

Comparison of Original & Actual Scope

Item	Planned	Actual
(1) Outputs		
1. Construction / improvement of village access infrastructure	・Improve the paving conditions of existing roads. The target roads should feed into provincial or district highways, and where necessary, bridge development is to be included. In villages accessed by water, the development work is to cover piers.	・As left
2. Installation of simple water facilities	・ Installation of combined water supply systems and sanitation units (MCK) tailored to individual area needs.	・As left
3. Installation of small-scale irrigation, produce market & processing facilities		・Installation of small-scale irrigation, and market / processing facilities (year 3 only).
4. Planning & preparation for Phase III		
4.1 Pilot study for Phase III		・Pilot study (30 districts)
4.2 Preparation for Phase III		・ Establishment of district development plans, and preparations for the Phase III project, including the selection of sub-projects (250 districts).
5. Consulting services	・Central monitoring: 193M/M ・Regional coordination: 341M/M	・Central monitoring: 525M/M ・Regional coordination: 2,893M/M
(2) Project Period		
1 L/A signing	Nov. 1997	Jan. 1998
2 Consultant selection	May 1997 – Jul. 1997	Apr. 1997 – Jul. 1997
3 Consulting services	Jul. 1997 – May 1997	Aug. 1997 – Jan. 2001
4 Procurement & construction	Aug. 1997 – Oct. 1999	Apr. 1997 – Dec. 2000
(3) Project costs		
Foreign currency	618 million yen	1,125 million yen
Local currency	39,033 million yen (750,635 million Rp.)	32,333 million yen (2,326,697 million Rp.)
Total	39,651 million yen	33,458 million yen
ODA loan portion	29,738 million yen	29,283 million yen
Exchange rate	1Rp. = 0.052 yen (April 1997)	1Rp. = 0.014 yen (weighted period average)

Third Party Evaluator's Opinion on
Rural Areas Infrastructure Development Project (2)

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Relevance

As the project was implemented to alleviate the poverty and isolation of rural people and to fill the economic lag for the non-Java region, two important objectives of regional development program during REPELITA VI, the Evaluator agrees that the project granted a high degree of relevance to the government policy as well as to the people's expectation. The Indonesia's economic crisis since 1997 made this project gained its relevance even more. Not only did it provide service, growth and job opportunity to the concerned villages at the time when they needed it most, but also help government to quickly respond to people's need at the time when the government's budget was unable to allow them to do so. The Evaluator also agrees to the report that the current PROPENAS put the rural development program as one of its highly prioritized goals, so that the project remained relevant until the recent time. The Evaluator considers that the coverage of the project, 7,580 of 28,000 under-developed villages all over the country (excluding Java and Bali islands), provided significant benefits to more poor people in Indonesia than any other development projects.

As for the project's scope, since it was expanded to double number of designated under-developed villages than original plan, and employed the budget within its original budget thanked to Rupiah's depreciation during crisis, the Evaluator considered that the project was very successful. This expansion contributed to make the project very efficient as well as to provide more benefits to more people. Another credit should also be given to BAPPENAS and district governments for their planning and coordination role that made the project run efficiently, as well as to local residents for their participation in both implementation and maintenance activities.

Taking into account survey results that indicated the resident' satisfactory level, in general, Evaluator considers that the project was fairly effective in achieving its intended goals, to the extent that for the major type of infrastructures-sub-projects (access roads), the satisfactory level was relatively high. The fact that the satisfactory level was decreasing within one year for some type of infrastructure showed that the project required very serious attention on maintenance activities to prolong its sustainability to the level as it was planned.

Impact

The Evaluator concludes that, in general, the overall goal of the project has been achieved to the extent that the project successfully provided better connectivity for rural community and enabled any other rural developments in the future. It connected many rural villages to the regional centers, expedited regional governmental and political activities, as well as facilitated local economic development. Another positive side-benefit was that the project educated the local governments to respond to the role of decentralization of authority prior to the enacting of the Decentralization Law in 2001. Evaluator also agrees that the project brought about positive impacts on women betterment, sanitation, education, community activities, as well as other positive sosio-economic improvements. Lastly, the project also gave positive benefit to Indonesia in general, as it increased national strength capacity and decreased the latent threat of political unrest in remote areas of Indonesia. According to the report, there were no environmental impacts identified, as the scale of the sub-project was small and no resettlement activity was required. On the contrary, some sanitation sub-projects improved environmental quality by eliminating waste dumps to the river.

Just as any other rural projects, there exists problem in project's sustainability, as there is gap between appropriate level of skill and expense required for proper OM activities, and the local residents' capacities to perform such duties. Considering that the scope of this project was so widely dispersed, such gap was inevitable, so that participation from local residents as well as support from local and higher administration were the only necessary solutions to maintain the sustainability. Evaluator may suggest that in order to increase the likelihood of project success and long-term sustainability, the level of involvement and readiness of local residents, from planning to execute to maintenance, should be included as important criteria in evaluating a rural project in the future.