



Indonesia

21 Rural Areas Infrastructure Development Project (2)

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The project's objectives were to enhance access to markets, educational and healthcare facilities and to improve the health and hygiene environment by developing roads and simple water facilities in backward rural villages outside Java and Bali, and thereby improve living standards in the villages and strengthening the institutional capabilities of local governments and communities.

Loan Amount/Disbursed Amount: 29,738 million yen/29,283 million yen

Loan Agreement: January 1998

Terms and Conditions: Interest rate, 2.7%; Repayment period, 30 years (grace period, 10 years); General untied

Final Disbursement Date: February 2001

External Evaluator: Taro Tsubogo (KRI International Corp.)

Field Survey: December 2002



Evaluation Result

Initial plans called for infrastructure development in 3,700 villages but villages with compelling needs were added and this number increased to 7,580*. Further, in addition to the simply-paved roads and bridges, simple mains water and sanitation facilities (toilets) cited in the plans, small-scale irrigation and market/processing facilities were added to the scope. The project period and costs were almost as planned. Travel times to main markets were shortened by approximately 30% in the target villages, access to social services such as educational and healthcare facilities improved, and improvements in the health/hygiene environment were also noted, including decreases in the incidence of diarrhea and fewer epidemics during pregnancy and childbirth. In addition a participatory planning process was adopted for project implementation, with the participation of local residents serving to strengthen the capacity of local governments and communities. The project also had a positive impact on the lifestyles of female villagers as reductions in the volume of domestic labor enabled them to earn more through the production of handicrafts, etc. The operation and management of project infrastructure is the responsibility of

village development committees that were set up in each village, and there are no problems in their technical capacity, operation and maintenance system, or financial condition. Operation and management work is undertaken using materials that can be procured within the villages by volunteer residents and a survey of 105 villages found that the infrastructure was in favorable condition in more than 70%.

*The average population in the target villages is 1,850, for the 7,580 villages it is 14 million.

Third-Party Evaluator's Opinion

This project not only contributed to the improvement of living conditions or income level of people in rural areas, but also contributed to capacity building of local governments prior to the decentralization in 2001.

Third-Party Evaluator: Mr. Bambang Permadi Soemantri Brodjonegoro

Obtained a doctorate in urban regional planning from University of Illinois. Presently holds the post of Professor, Faculty of Economics, University of Indonesia. Specializes in urban regional planning, economics of development, regional economics, etc.

Infrastructure constructed through the project



Mains water supply facilities



An access road

The water being supplied from the mains water facilities that were installed via this project is serving various purposes and is being used for drinking and lifestyle-related uses. Further, the development of access roads has shortened travel times to main markets and reduced the costs of transporting produce to the markets as compared to pre-project levels. In addition, the development of this infrastructure has lessened the volume of household labor performed by the women of the villages, which has enabled them to devote time to the production of handicrafts and is having positive impacts, including bringing them higher earnings.