



# Rural Areas Infrastructure Development Project (3)

Asia **Indonesia**

Contributing to higher living standards for local residents by developing the basic infrastructure in 8,000 villages in 14 provinces covering islands other than Java and Bali

**[External evaluator]**

Masami Sugimoto, SHINKO Overseas Management Consulting, Inc.

**Rating**

Effectiveness, Impact	a	Overall rating <b>A</b>
Relevance	a	
Efficiency	a	
Sustainability	b	

**Project Objectives**

To promote the sustainable development of the regional economy and enhancement of self-reliant capacity of communities by developing their basic infrastructure, including access facilities, small-scale irrigation facilities, small water-supply systems, and sanitation facilities in villages in 14 provinces covering islands other than Java and Bali, thereby contributing to the poverty alleviation in Indonesia.

**Outline of the Loan Agreement**

- Loan amount / disbursed amount: 20,039 million yen / 19,906 million yen
- Loan agreement: July 2001
- Terms and conditions: 1.8% interest rate; 30-year repayment period (including a 10-year grace period); general untied (consulting services: 0.75%, 40-year repayment period [10 year grace period]; bilateral tied)
- Final disbursement date: October 2005
- Executing Agencies: Deputy for Regional Development and Local Autonomy, National Development Planning Agency (BAPPENAS); Ministry of Finance; D.G. of Human Settlement, Ministry of Public Works; D.G. of Regional Development and D.G. of Community Empowerment, Ministry of Home Affairs
- Website URL:  
<http://www.bappenas.go.id/> (BAPPENAS);  
<http://www.depkeu.go.id/Ind/> (Ministry of Finance);  
<http://ciptakarya.pu.go.id/>  
(D.G. of Human Settlement, Ministry of Public Works);  
<http://www.depdagri.go.id/> (Ministry of Home Affairs)  
(All in Indonesian)

**Savings in access time to essential facilities (via roads, bridges, etc.)**

Facilities	Change		Average saving (%)
	Before the project	After the project	
Asphalt Road	22	10	55%
Shopping market	44	24	45%
Terminal*	29	14	52%
Clinic	22	14	36%
Village office	23	15	35%
Kecamatan office	46	31	33%
School	14	10	29%

\* Terminal for means of local public transportation such as the ojek (motorbike) and mini bus  
Source: Beneficiary survey

**Effects of Project Implementation (Effectiveness, Impact)**

According to a survey of the beneficiaries of the project, to which 61 people from four provinces responded, the project resulted in a saving of 30% to 55% in the access time to such essential facilities as markets, schools and clinics. From 80% to 100% of the respondents said their income increased as a result. The development of small-scale irrigation facilities reduced the proportion of beneficiary farmers who complained about water shortages during the dry season from 86% to 14%. As a result, the unit yield of rice rose 20% to 30%. Some 70% of the farmers reported gains in income. With a small water-supply system, almost 100% of the respondents switched their source of domestic water from rivers or other natural waters to tap water. The installment of sanitation facilities gradually changed the local residents' awareness of hygiene. The proportion of those with a household toilet increased from 0% to 10-20% after the project. An improvement was also observed in the health status of residents in areas that gained access to tap water and sanitation under the project. Almost 100% of the respondents said that their family members became less likely to get ill.

Therefore, project has largely achieved its objectives and its effectiveness is high.

**Relevance**

This project has been highly relevant with Indonesia's national policies and development needs at the times of both appraisal and ex-post evaluation. At these two points in time, the Indonesian government was implementing the Integrated Area Development Program aimed directly at the poor. Basic infrastructure development in rural villages constituted an essential element of the program.

**Efficiency**

Both project period and costs were almost as planned; therefore, efficiency of the project is high.

**Sustainability**

Although local residents are required to operate and maintain almost all the facilities developed under the project themselves, the O&M activities are not systematically conducted in a fixed institutional framework. On the other hand, many of such facilities are kept in good condition supported by their traditional spirit of mutual help; therefore, sustainability of this project is fair.

**Conclusion, Lessons Learned, Recommendations**

In light of the above, this project is evaluated to be highly satisfactory. A lesson learned is that to manage a small-scale, multi-site project like this one, it is essential to develop and operate an integrated management system that covers the central to the field levels. Another lesson is that an approach that accommodates local culture should be taken to maximize the project effects. Recommendations include reviving the monitoring system based on data from the Central Bureau of Statistics, reviewing the O&M system that has been applied across the board with a view to enhancing the sustainability of this project, and taking additional steps to build the capacity of district government officials.