

4970240 PD-ADD-844-F1 4970240 (5)

CLASSIFICATION
PROJECT EVALUATION SUMMARY (PES) - PART I

Report Symbol U-447

1. PROJECT TITLE RURAL WORKS (PADAT KARYA)	2. PROJECT NUMBER 497-T-035	3. MISSION/AID/W OFFICE INDONESIA
	4. EVALUATION NUMBER (Enter the number registered by the reporting unit e.g., Country or AID/W Administrative Code, Fiscal Year, Serial No. beginning with No. 1 each FY) 79-4	
<input type="checkbox"/> REGULAR EVALUATION <input type="checkbox"/> SPECIAL EVALUATION		
5. KEY PROJECT IMPLEMENTATION DATES		6. ESTIMATED PROJECT FUNDING
A. First PRO-LAD or Implementation FY 75	B. First Obligation Expected FY	C. Final Input Delivery FY 80
7. PERIOD COVERED BY EVALUATION		8. ACTION DECISIONS APPROVED BY MISSION OR AID/W OFFICE DIRECTOR
A. Total 28 million		From (month/yr.) 12/1977
B. U.S. 6.8 million		To (month/yr.) 11/1978
		Date of Evaluation Review 11/30/78

13p.

A. List decisions and/or unresolved issues; cite those items needing further study. (NOTE: Mission decisions which anticipate AID/W or regional office action should specify type of document, e.g., airgram, SPAR, PIO, which will present detailed request.)	B. NAME OF OFFICER RESPONSIBLE FOR ACTION	C. DATE ACTION TO BE COMPLETED
Request Extend Loan TDD for at least 6 more months to March 31, 1980.	Rheingans	August 1979

9. INVENTORY OF DOCUMENTS TO BE REVISED PER ABOVE DECISIONS	10. ALTERNATIVE DECISIONS ON FUTURE OF PROJECT
<input type="checkbox"/> Project Paper <input type="checkbox"/> Implementation Plan e.g., CPI Network <input type="checkbox"/> Other (Specify) <input type="checkbox"/> Financial Plan <input type="checkbox"/> PIO/T <input type="checkbox"/> Logical Framework <input type="checkbox"/> PIO/C <input type="checkbox"/> Other (Specify) <input type="checkbox"/> Project Agreement <input type="checkbox"/> PIO/P	A. <input type="checkbox"/> Continue Project Without Change B. <input type="checkbox"/> Change Project Design and/or <input type="checkbox"/> Change Implementation Plan C. <input type="checkbox"/> Discontinue Project

11. PROJECT OFFICER AND HOST COUNTRY OR OTHER BANKING PARTICIPANTS AS APPROPRIATE (Names and Titles)	12. Mission/AID/W Office Director Approval
Charles R. Rheingans, RD/ID, Project Officer F.X. Soejitno, PKGB Central Office Dr. Bar Benjamin, Project Consultant	Signature: <i>Thomas C. Niblock</i> Typed Name: Thomas C. Niblock, DIR Date: Jan 29, 1979

FD-1030-19 (2-79)
Clearance: RFZimmerman: PRO KFS

Project Evaluation Summary (PES)

Part II

13. SUMMARY

A. Rural Works I: The Rural Works I project was originally planned to provide assistance to the GOI Padat Karya Gaya Baru (PKGB) program for a three year period (FY 76 - FY 78). The original Terminal Disbursement Date (TDD) of September 30, 1978, has been extended one year to September 30, 1979, and will probably require another extension of at least six months. The extensions are required for the following reasons.

1. USAID could only accept 50 of 182 total projects in IFY 1975/76 because of a loan requirement that subproject plans/cost estimates be reviewed by USAID prior to the start of construction. This requirement was later amended but it significantly reduced the FAR disbursement for the first year of the project.
2. Under the FAR system, there is a time lag of nearly one year before money is actually disbursed for acceptable projects.
3. Remaining loan funds will be used to reimburse IFY 1978/79 subprojects and actual disbursement is not expected until about June 1979.

The Table below shows the status of the Rural Works loan as of November 30, 1978.

Disbursed or Committed 1977/78 Est. Subproject Reimbursement (Rp.620 = US\$1)	\$ 2,216,000 <u>2,070,000</u> \$ 4,286,000
Remaining loan funds	\$ 2,514,000

The project purpose is being achieved in terms of providing short-term employment and income for the rural poor. The GOI is committed to expanding the scope of the program and to making program improvements so that completed subprojects will provide long-term benefits. Although the PKGB program has made significant improvement in the past two years, several problems still remain. These include:

1. Totally inadequate PKGB Central Office facilities. There is no space for additional personnel which are badly needed to manage and administer a greatly expanded program.
2. A more simplified and effective procedure is required for the selection and planning/design of subprojects. Responsibility must be decentralized to the provincial and kabupaten level.
3. PKGB needs some technically trained personnel to handle subproject survey, design and construction supervision. Public Works cannot provide this input for the large number of projects involved.

B. Rural Works II: The Rural Works II PP was submitted to AID/W in May 1978 and subsequently approved. However, FY 1978 funding was not available, so the project will be tranche funded according to the following schedule:

<u>FY</u>	<u>GRANT</u>	<u>LOAN</u>
1979	\$ 2.0 million	\$ 7.0 million
1980	1.0 million	8.0 million
1981	---	<u>10.0 million</u>
	\$ 3.0 million	\$ 25.0 million

The Request for Proposals (RFP) for technical assistance was sent to AID/W on September 21, 1978. Since Rural Works II funding was not yet authorized, the RFP contained a second option to fund a smaller TA component using about \$ 1.0 million of Rural Works I loan funds. Hopefully, grant funds will be available and a TA contract can be signed by January, 1979. Technical consultants are needed ASAP to assist PKGB to improve subproject selection, planning/design, construction supervision and maintenance.

14. EVALUATION METHODOLOGY

This evaluation is the annual Mission review of the project and is primarily to measure progress and pinpoint problems. The evaluation has been prepared by the Project Officer in collaboration with PKGB officials and is based on information and data from project files and other evaluation reports.

15. EXTERNAL FACTORS.

Rural Works I: In the past two years, the Padat Karya program has received an increasingly higher priority and more support within the GOI. There is a growing awareness that it is more than a short-term cash-for-work program and that well selected and constructed projects can produce significant long-term benefits. For this reason, there has been considerable high-level pressure to rapidly expand both the number and type of PKGB subprojects. In addition, PKGB has been given the major responsibility for canal excavation under the new Special Tertiary Canal program. The President has further stated that labor-intensive methods should be used in other programs wherever it is feasible and appropriate. In July, 1978, the First National Padat Karya Workshop was held in East Java and included representatives from several other GOI Departments as well as most of the provinces. The GOI is also considering plans to construct a Labor Intensive Technology Research and Training Center. All these point to the fact that PKGB will be playing a bigger role in GOI efforts to address the problems of rural poverty and under/un-employment.

Rural Works II: Rural Works II will have a much larger technical assistance component, including four technicians assigned to work at provincial level, PKGB badly needs technical advisors to upgrade staff capability and to improve subproject selection, planning/design, construction quality and maintenance.

The Dutch Government will also be providing more assistance to PKGB. They will reimburse about 25 percent of subproject construction costs over the next 3 years and will assign two technicians to Surabaya.

16. INFUTS

Rural Works I: No serious problems exist regarding project inputs. The FAR disbursement bottleneck was broken earlier in the year and no further problems are anticipated. One replacement advisor (Dr. Bar-Benjamin) is being funded from the loan until September, 1979. The GOI has pre-financed the entire program and their input is summarized below along with donor reimbursement.

<u>IFY</u>	<u>GOI</u>	<u>PKGB funding</u> (<u>\$000's</u>)	
		<u>AID</u>	<u>Reimbursement</u> <u>Dutch</u>
1974/75	2,650	-	-
1975/76	3,860	356	-
1976/77	4,825	1,561	-
1977/78 (Est.)	13,270	2,000	1,800
1978/79 (Est.)	<u>18,100</u>	<u>3,200</u>	<u>2,000</u>
Total	42,705	7,117	3,800

Rural Works II: If Rural Works II funding is authorized and obligated during the first quarter of FY 1979, project continuity will not be seriously disrupted. Funds are needed to negotiate a technical services contract in December and for reimbursement of acceptable FY 1978/79 PKGB subprojects. USAID field inspections of completed 78/79 subprojects will begin in February 1979.

17. OUTPUTS

The table below shows the number of Kecamatan planned for PKGB sub-projects and the actual number carried out.

<u>IFY</u>	<u>Planned</u>	<u>Actual</u>
74/75	100	100
75/76	150	138
76/77	200	169
77/78	300	350
78/79	<u>300</u>	<u>480</u>
Total	1050	1237

The table below shows the physical results of PKGB subprojects. (1978/79 figures not available.)

<u>Type</u>	<u>No. projects</u>	<u>Total</u>
Village roads	527	3589 kms
Irrigation/Flood control	322	2112 kms / 135,000 ha
Terracing/reforestation	<u>58</u>	5400 ha
Total	907	

Other outputs include:

A. Roughly 33 million mandays of short-term employment have been provided during subproject construction. This translates into 90 days of employment for about 367,000. At an average daily wage of Rp 250, these laborers made about Rp 22,500 each in supplemental income.

B. A Special Drought program was carried out in 537 Kecamatan in IFY 1976/77 and 1977/78 and provided about 24 million mandays of short-term employment. At an average of 75 days per worker, about Rp 18,750 in supplement income was earned.

C. In the last two years, more than 1,000 TAPS (development workers) have been trained and assigned to Kecamatan level to supervise construction.

18. PURPOSE

Rural Works I: "to assist in generating short- and long-term rural employment and income in poorer kecamatan through labor-intensive construction, rehabilitation, operation and maintenance of basic rural infrastructure."

The project purpose is being achieved in terms of providing employment and income for the rural poor. Projects are being allocated to poor, densely populated kecamatan with high rates of under/unemployment. The GOI is increasingly giving the program higher priority and it is currently viewed as an effective means of addressing the problems of rural poverty and under/unemployment. The GOI is looking for ways to use the PKGB concept in other programs. Basically, the GOI and USAID share a common perception of the project.

One of the problems facing the program is the need to improve the selection and construction quality of subprojects to generate greater long-term economic benefit. The selection process still reflects the early objective of providing cash payment to needy people, with less concern for the long-term benefits of the project.

Rural Works II: Rural Works II will continue the objective of increased short- and long-term employment and income for the rural poor, but will also focus on improving the GOI institutional capability to administer and manage the PKGB. There is a large TA component to assist in developing the program systems/procedures and to train DMP personnel.

19. GOAL

"improve the well-being of some 90 million rural people who are subsisting on incomes which are insufficient to provide a minimally adequate level of nutrition."

The PKGB program is contributing to the attainment of this goal by providing employment and supplemental income to very poor rural people. Evaluations have shown that the wages paid to PKGB laborers are spent primarily on food and clothing. When PKGB subprojects are constructed during the dry season, the wages provide significant relief for families that have little other source of income.

20. BENEFICIARIES (See attached beneficiary analysis)

Rural Works I: The beneficiaries of the PKGB subprojects are the rural families living at or near subsistence levels in the poorest areas in Indonesia. Experience and the evaluations have demonstrated that the

poorest benefit the most from PKGB subprojects, since the landless or very small landholders and under/unemployed are most likely to hire themselves out at low wages.

Two recent evaluations of PKGB subprojects have focused on project impact and beneficiaries. In September, 1977, Dr. F. Okada participated in an evaluation of 34 IFY 1976/77 subprojects and from that prepared a Socio-Economic Assessment Supplement that was submitted with the Rural Works II PP. Thomas Leinbach has just completed the final report on an evaluation of 36 PKGB road projects. The following are some of the major benefits noted.

- A. Incomes have been improved by the ability to market crops/fruits which before had little or no value because the distance and cost of shipping to selling points posed a huge barrier. In many cases no marketing opportunities existed before the road improvement. Transport services are now provided to many areas which before did not have such services.
- B. The improved transportation has resulted in a reduction in the costs of the nine essential commodities. At the same time producers receive higher prices for goods which are sold outside the area.
- C. Local initiative and cooperation has been stimulated in numerous areas by the PKGB project. Road extensions and markets constructed through "gotong royong" means are examples of the additional development. Moreover, local business activities have expanded as a result of the roads.
- D. Improved road surfaces and the resulting transport services have provided villagers with a "new mobility". There are clear statements in the impact reports which show that access to education and medical care has increased as a result. Although there was not a dramatic increase in government visitors, agricultural, family planning and other department officials have entered the project areas more frequently with information about their respective programs. Improved information on a wide variety of economic and social matters has resulted from the PKGB projects.
- E. PKGB road projects are used not only by individuals but also by firms. Local industries, such as two thriving tapioca factories in Siantar, North Sumatra and an outside palm oil factory in the same area, are examples.
- F. Employment through the PKGB projects has brought significant income increases to a large group of people. The earnings are used for food and other consumable items but also for education and

health expenses, debt repayments, fertilizer, and household improvements. The road employment has apparently eliminated the need for some people to look for work outside the Kecamatan or village. A high percentage of project earnings is expended in the immediate area which stimulates numerous additional local activities.

G. A considerable number of families reported that someone in the household held employment outside the village of residence. A number of those individuals responded that the employment was in part related to the road improvement. Thus the road projects have enlarged employment opportunities in many areas.

Rural Works II: The following is a projection of beneficiaries expected for Rural Works II:

<u>Direct beneficiaries</u>	<u>Est. No.</u>
a) <u>Immediate</u>	
Laborers on the subprojects	565,000
Their dependents	1,780,000
b) Remaining population of villages directly affected by subprojects	6,600,000
c) Miscellaneous, including formal trainees but excluding laborers who have become semi-skilled	70,000
<u>Indirect beneficiaries comprising 50% of the remaining population of subdistricts directly affected by subprojects</u>	<u>15,750,000</u>
TOTAL	24,765,000

21. UNPLANNED EFFECTS

One unexpected effect has been the high priority given the program by the GOI and efforts to expand the program rapidly. This will be advantageous only if corresponding priority is placed on improving sub-project selection, planning and construction quality. Another effect is the positive reaction by the local people and officials toward the program. In a small way, PKGB subprojects have forced a degree of local level planning and coordination.

Lessons learned:

Rural Works type projects are a very effective, relatively direct means of addressing the problems of high rural unemployment, seasonal underemployment and rural poverty. To be effective, the program must be responsive to local needs. This is done by decentralizing as much as possible the decision-making process while maintaining strong central control.

Beneficiary Analysis

PROJECT TITLE: Rural Works (Padat Karya) Loan 035

I. Impact re Section 102(d) Criteria:Increase Agricultural Productivity

1. Roads subprojects: Increase reported from a number of villages because of stimulus of direct and easier access to markets by producers but no figures available.
2. Canal subprojects (13 sampled in 1977): The estimated amount of increase on some 1,300 ha is given below:

Rice (beras)	3434 metric tons
Other produce	972 metric tons
Fish (fish ponds)	50 metric tons

Previous yield was based on 13 subprojects; estimated present yield on only 12 as the returns from one subproject are not in. The increase in value of the present crop is Rp 209 million (\$ 504,000) after deduction of an investment of Rp 130 million (\$ 313,250).

3. Agricultural productivity raised because adequate and controlled water for irrigation permitted
 - a) the cultivation of hitherto uncultivated land;
 - b) double cropping of single crop land;
 - c) increase in yield per ha; or
 - d) creation of fishponds.

Reduce Infant Mortality

It is surmised that an improvement in the quality of life, resulting from increased agricultural productivity among other things, will result in a reduction of the infant mortality rate. Vital statistics gathered at the directly affected villages are a) of doubtful value until cross-checked, and b) will serve only as a baseline for future use. A more precise and specific study is needed to present evidence for this criterion.

Control Population Growth

Crude birth and death rates have been obtained at the village level but the remarks given above also generally apply to this criterion.

Promote Greater Income Distribution

1. The village ^{Income Distribution} ~~average income~~ ^{Indonesia} ~~is~~ ^{is} ~~below~~ ^{below} the average of ~~the~~ ^{the} ~~villages~~ ^{villages} in terms of annual per ~~capita~~ ^{capita} income.

2. Subprojects have been expanded beyond the limits of Java* to the Outer Islands, thus:

<u>Year</u>	<u>% in Outer Islands</u>
1975 - 1976	4
1976 - 1977	24
1977 - 1978	34

Reduce Un-Under Employment

1. An average of 515 laborers worked for an average of 80 days on each subproject.
2. On 10 canal subprojects where figures were available, mandays of agricultural labor rose from 1.4 million before the subprojects to 2.3 million after, a 60% increase.
3. The production and transport of materials needed for the sub-projects and the stimulus of roads have brought about an unknown extent of rise in employment opportunities.

* Approximately 65% of the population of Indonesia live in Java.

II. Benefit Incidence*

A. Direct Beneficiaries IFY 1977/78 program

	<u>Who</u>	<u>Number</u>
Income	a) Workers on the subprojects	184,500
	b) Members of their immediate families	580,000
	c) Remaining population of villages directly affected by subprojects	5,600,000
Labor	a) Workers on the subprojects	184,500
	b) Increase in agricultural labor resulting from 100 canals (9,000,000 mandays)	300,000
	c) Additional employment stimulated by 248 roads	unknown
	d) Additional employment resulting from manufacturing and transporting supplies for subprojects	unknown
Agricultural Production	a) Greater-or-lesser rise in production	5,600,000
	b) Food for one year	700,000

Education/Training		
a) Supervisors, officials, etc. of subprojects		7,000
b) Workers learning semi-skills		unknown
c) Children to whom schools become accessible		unknown

Medical Treatment		
a) Accessibility to health centers)	
b) Receptivity to home visits by medical personnel)	1,000,000

Living Conditions		
(water, housing, sanitation)		5,600,000

Estimated Overall Total Without Double Counting		6,300,000
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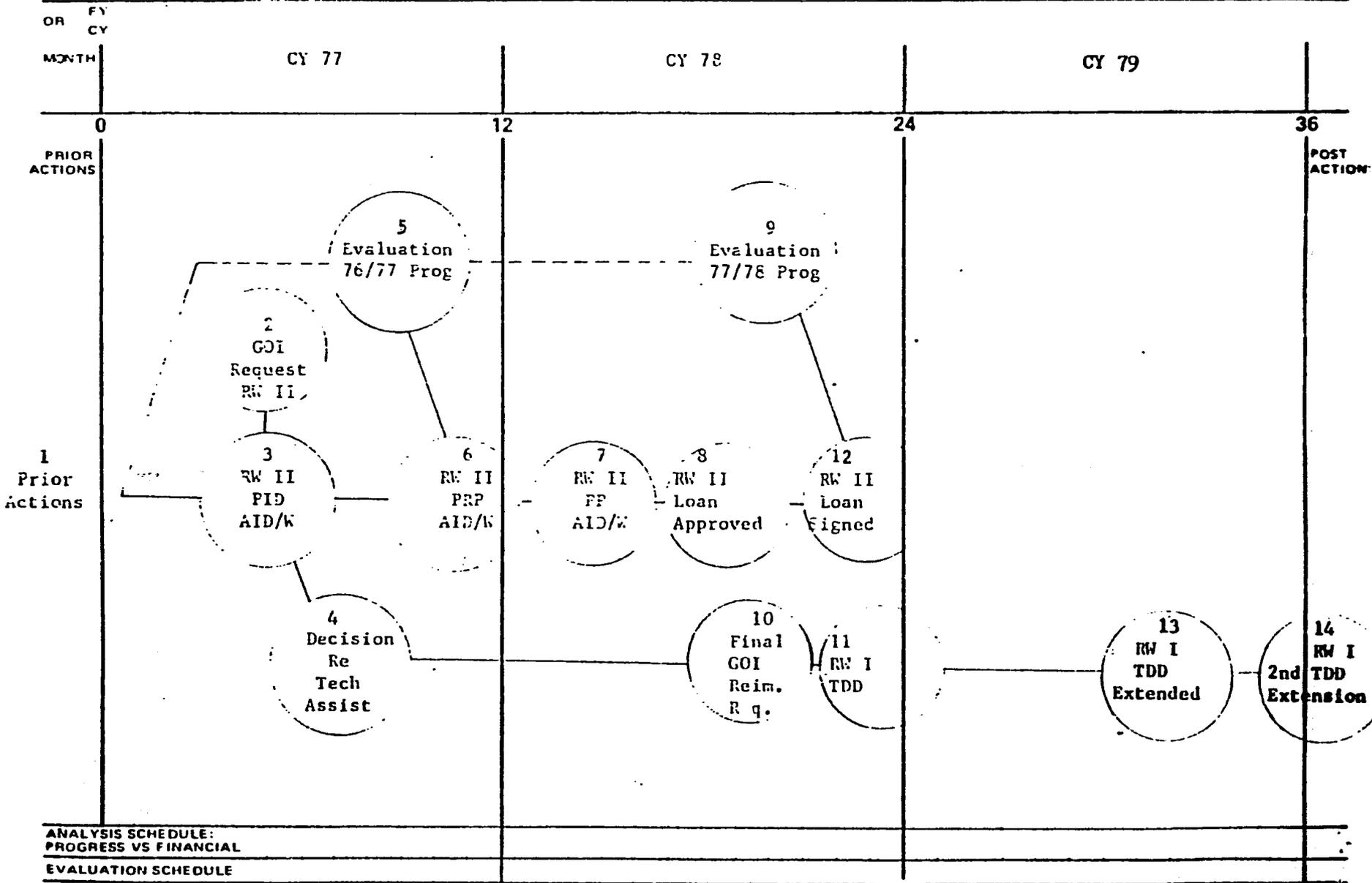
B. General Population in an Area that indirectly benefits from:

increased availability of food	_____)	
increased mobility in area	_____)	Overall
general health improvement	_____)	11,300,000
or overall economic improvement	_____)	

* Most of these figures are not mutually exclusive and many will include people who benefit in two or more ways.

COUNTRY	PROJECT NO. / Loan	PROJECT TITLE	DATE	<input type="checkbox"/> ORIGINAL <input checked="" type="checkbox"/> REVISION # <u>1</u>	APPROVED
Indonesia	497-T-035	Rural Works			
PROJECT PURPOSE (FROM PRP FACESHEET)					
To increase rural agriculture production and create short and longer term employment opportunities in the poorest sub-districts (Kecamatan) in Indonesia through the labor intensive rehabilitation and new construction of basic rural production/infrastructure facilities.					
CPI DESCRIPTION					
1. <u>Prior Actions</u>					
- Rural Works loan authorized	6/74	AID			
- Loan Agreement signed	5/75	AID/GOI			
- Technical services contracts signed (2)	12/75	AID/GOI			
- Advisors Letters of Credit opened	4/76	GOI			
- Evaluation of 1975/76 program	7/76	AID/GOI			
- Approval of advance loan funds to implement program improvements	11/76	AID			
- SLC requirement waived	11/76	AID			
2. GOI Request for Rural Works II loan	5/77	GOI			
3. Rural Works II PID submitted	5/77	AID			
4. Decision made on continuing program development and/or engineering contract assistance.	7/77	AID/GOI			
5. Evaluation of 1976/77 program	9/77	AID/GOI			
			6. Rural Works II PRP submitted	11/77	AID
			7. Rural Works II PP submitted	4/78	AID
			8. Rural Works II loan approved	6/78	AID
			9. Evaluation of 1977/78 program	8/78	AID/GOI
			10. Final GOI reimbursement request	8/78	GOI
			11. TDD Rural Works I loan	9/78	
			12. Rural Works II loan Agreement signed	10/78	AID/GOI
			13. Rural Works I TDD extended	9/79	AID
			14. Rural Works I 2nd TDD extension	3/80	AID

COUNTRY	PROJECT NO. OR I.D.	PROJECT TITLE	DATE	<input checked="" type="checkbox"/> ORIGINAL	APPROVED
Indonesia	497-T-035	Rural Works		REVISION: # 1	



ANALYSIS SCHEDULE:
PROGRESS VS FINANCIAL

EVALUATION SCHEDULE

CRITICAL PERFORMANCE INDICATOR (CPI) NETWORK