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PROJECT PAPER

TECHNICAL ASSISTANCE/STUDIES III

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USAID/Indonesia
May, 1978

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INDONESIA

TECHNICAL ASSISTANCE/STUDIES III

PROJECT PAPER

Table of Contents

		<u>Page</u>
PART I:	Facesheet	1
PART II:	Recommendation & Summary	2
PART III:	Detail Description	4
	Background	5
	The Loan	5
	Illustrative Subprojects	5
PART IV:	Project Specific Analysis	15
PART V:	Financial Plan	16
PART VI:	Implementation Plan	16
PART VII:	Evaluation Plan	18
PART VIII:	Conditions and Covenants	18

ANNEXES

- A. Statutory Check List
- B. TA/CS Loan 497-T-040 Summary
- C. Mission Directors 611(e) Certification
- D. Draft Loan Authorization
- E. Logical Framework
- F. AID/W Approval Message
- G. Indonesian Government Request for Assistance

AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT PAPER FACESHEET

1. TRANSACTION CODE

A ADD
 C CHANGE
 D DELETE

PP

2. DOCUMENT CODE
3

3. COUNTRY ENTITY

Indonesia

4. DOCUMENT REVISION NUMBER

5. PROJECT NUMBER (7 digits)

[497-0284]

6. BUREAU OFFICE

A. SYMBOL: ASIA
 B. COOF: [04]

7. PROJECT TITLE (Maximum 40 characters)

[Technical Assistance/Studies, III]

8. ESTIMATED FY OF PROJECT COMPLETION

FY [8] [3]

9. ESTIMATED DATE OF OBLIGATION

A. INITIAL FY [7] [8]
 B. QUARTER [2]
 C. FINAL FY [7] [8]
 (Enter 1, 2, 3, or 4)

10. ESTIMATED COSTS (\$000 OR EQUIVALENT \$1 -)

A. FUNDING SOURCE	FIRST FY 79			LIFE OF PROJECT		
	B. FX	C. L/C	D. TOTAL	E. FX	F. L/C	G. TOTAL
AID APPROPRIATED TOTAL	3500	1500	5000	3500	1500	5000
GRANT	()	()	()	()	()	()
LOAN	3500	1500	5000	3500	1500	5000
OTHER						
U.S.						
HOST COUNTRY		750	750		2000	2000
OTHER DONOR(S)						
TOTALS	3500	2250	5750	3500	3500	7000

11. PROPOSED BUDGET APPROPRIATED FUNDS (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	PRIMARY TECH. CODE		E. 1ST FY 79		H. 2ND FY		K. 3RD FY	
		C. GRANT	D. LOAN	F. GRANT	G. LOAN	I. GRANT	J. LOAN	L. GRANT	M. LOAN
1. FN	B790		980		3000				
2. PH	B790		980		500				
3. EH	B790		980		1300				
4. ST	B790		980		200				
TOTALS					5000				

A. APPROPRIATION	N. 4TH FY		Q. 5TH FY		LIFE OF PROJECT		12. IN-DEPTH EVAL. SCHEDULED
	O. GRANT	P. LOAN	R. GRANT	S. LOAN	T. GRANT	U. LOAN	
1.							MM YY
2.							
3.							
4.							
TOTALS						5000	

13. DATA CHANGE INDICATOR: WERE CHANGES MADE IN THE PID FACESHEET DATA, BLOCKS 12, 13, 14, OR 15 OR IN PRP FACESHEET DATA, BLOCK 12? IF YES, ATTACH CHANGED PID FACESHEET.

1 = NO
 2 = YES

14. ORIGINATING OFFICE CLEARANCE

SIGNATURE

Thomas C. Niblock



15. DATE DOCUMENT RECEIVED IN AID/W OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION

TITLE

Director, USAID/Indonesia

DATE SIGNED

MM DD YY
01 51 78

MM DD YY
05 25 78

Part II. Recommendation and Summary Sheet

Recommend:

That a U.S. five million dollars (US\$5,000,000) loan be authorized to the Government of the Republic of Indonesia to finance the foreign exchange and local currency costs of prefeasibility, feasibility, technical, and economic studies, consultant services, training and related commodities.

That the loan be provided on terms of 30 years, 10 years grace period at two percent interest and three percent thereafter.

Summary:

In 1971, AID made a loan, 497-H-027, to the GOI for \$5,000,000 to finance feasibility studies and design work. Seven studies were financed under the loan. Two were cancelled shortly after they began for various reasons and five studies were completed, which resulted in:

- (a) Two AID loans, (Citandy Basin Development, No. 497-T-039), for a \$12.5 million project that will benefit approximately 620,000 people and, (Surakanta Potable Water, No. 497-U-044), for a \$6.8 million project which will serve 190,000 people in that city.
- (b) The final design, (Jragung Dam, Subproject of Loan 497-T-040), for an estimated \$80 million project which the IBRD will finance the construction of. On completion, this project will benefit about 15,000 families through the irrigation system incorporated in the project, and several thousand more by flood control operations.
- (c) The strong interest of the Asian Development Bank in an estimated \$50 million water system for the 400,000 people in the city of Semarang, and,
- (d) Another water project of serious interest to the IBRD for the city of Surabaya. This construction project, for the city's 600,000 people will cost approximately \$87 million.

The total of these five projects are in excess of \$250 million and will directly or indirectly benefit almost two million people

A second \$5 million Consulting Services and Technical Assistance Loan, (No. 497-T-040) was made five years later in 1976. That loan, in addition to financing the final design for the Jragung Dam, mentioned above, financed five other activities including a new campus design for the University of Indonesia, special training for approximately 300 employees of the government-owned electric utility, engineering services for the Medan power system, urban development studies/master plan for this same North Sumatra city and an educational technology program in connection with the Ministry of Education. Two other studies, one for brackish water fish ponds, with irrigation and a nutrition surveillance system, that will be advertized for bids in June, 1978, will also be financed by this loan.

The dollar value of subsequent development construction projects that can come out of these feasibility studies and designs is unknown at this time. However, approximately 4.5 million people, in cities and villages, on farms and factories, would be the potential beneficiaries.

Similar to these two previous loans, this loan will provide financing for development studies, technical assistance services, training and related commodities. This assistance will be allocated to subproject activities that address problems in areas of AID's concern with specific orientation toward the poor majority. Although definitive plans for subprojects activities have not been prepared, several illustrative proposals are described in this loan paper. It is expected that almost all subprojects will be implemented by contractors/consultants working with respective GOI ministries and agencies. Final disbursement should be completed before 1983.

Part III. Detailed Description

Development, as with all socio-economic progress is not a sudden and spontaneous occurrence that is effortlessly whisked into reality by benevolent forces of nature or the sympathetic hand of fate. Improved plant varieties that benefit the farmer and feed the people, child-care clinics that treat the young and heal the sick, generators that power and illuminate a city, water systems that irrigate land and quench parched throats as well as roads that transport people and commodities, and in so doing bring a nation together--are all products of serious, creative, design, planning and training.

Unfortunately, however, in most emerging countries indigenous skills and technology to accomplish these fundamental tasks of nation building is either lacking or is in terribly short supply. Indonesia's needs are so great that it will be many years before she is essentially self-sufficient in personnel trained and experienced in development assistance activities. Nevertheless, social and political pressures demand that development goes forward. Therefore, economic, technical and managerial services from external sources must continue to be required to make surveys and studies of priority sectors of the economy and of selected projects. Services covering pre-feasibility investigations through project development, as well as specialized consulting advisory services, are essential to maintain the pace of Indonesia's development efforts. At the same time, however, because Indonesia's development requirements are enormous, there is a dearth of bankable projects that the Indonesian Government can take from "inventory" for willing donors, including AID, to finance and move into implementation. As a result, there is a considerable delay between the conceptualization and design of a project and the funding and actual implementation of the activity. Although other donors, at times, finance studies and services for specific projects of interest to them, none provides the Indonesian Government with seed money to investigate the feasibility and technical practicality of various proposals in different development sectors.

This loan then, following in the path of two earlier loans, provides initial financing to test project proposals and provide Indonesia with a shelf of timely, useful and appropriate studies, plans and surveys that can lead to major donor assistance for activities in the areas of basic human needs and AID's mandated concerns.

Background

In 1971, AID made its first loan of this kind (No. 497-H-027) for \$5 million. That loan financed seven studies in the field/sector of water resources and power generation. The loan was disbursed and closed out in 1976. In the same year, another feasibility/survey studies loan of \$5 million, (No. 497-T-040), was made to which a \$1 million amendment was authorized in 1978. The financial disbursement and physical implementation of this active loan is given in Annex B.

The Loan

The loan proposed here is for five million dollars and will finance the foreign exchange and local currency costs of prefeasibility, feasibility, economic, technical development studies and training as well as surveys and consulting services. In addition, the loan will finance those commodities associated with the technical assistance and services to be provided. Financing will be provided for approximately six to seven subprojects.

As with the former loan 497-H-027 and the active loan 497-T-040, subprojects that may be considered for this loan come from a variety of sectors. Therefore, this loan will, in its preliminary implementation actions, discern those which appropriately mesh GOI development objectives and AID's assistance criteria.

From the initial discussions held over several months with operating elements of GOI ministries and agencies, the Mission has prepared a list of illustrative activities that may qualify for AID support. It should be recognized, however, that this list has not as yet been subject to the pragmatic examination that will attend the subproject approval process for all activities. What is described here are examples of subprojects with potential merit. In other words, the list is by no means decided proposals. It merely indicates the types of projects which may be considered. We are exploring a wide range of possible activities in health, agriculture and human resource development.

Illustrative Subproject Description

1. Basic Education Development

This subproject would be a pilot program in community education. The initial effort will focus on training (upgrading)

of support staff from the Kabupaten Management (Seksi Masorada) to the Kecamatan fieldworkers and village learning group leaders, in order to deal with the educational problems which might typically be found in any of the less developed outer islands. The locale of the subproject will be Kabupaten Sorong, Irian Jaya. In this Kabupaten there are 15 Kecamatans with 106 villages. The subproject will lay the foundation for an effective delivery of basic education to the priority target of educationally deprived youth and the long-term target of non-formal education for all ages of the population.

The overall objective of the proposed subproject is to strengthen the capacity of Bidang Penmas (Kabupaten Community Education Office) in Sorong to conduct and develop an effective non-formal education program. The subproject is designed to alleviate existing problems in administration, training, communications, materials development, evaluation and budgeting. The subproject would:

- (a) Establish an effective basic education delivery system.
- (b) Strengthen the management and supervision capabilities of Bidang Penmas through training and improved staffing.
- (c) Establish a system of in-service training for the fieldworkers.
- (d) Provide a source of flexible funding for village-level learning activities.

The subproject would provide the service of basic education to 100,000 rural youth and adults in 106 villages in 15 Kecamatans within the Kabupaten Sorong, Irian Jaya. This project would illustrate how similar communities could improve the educational opportunities offered their youth.

The subproject would finance:

- (a) Equipment and supplies; graphic production units and boats for Bidang Penmas and Peniliks Kecamatans.

- (b) Printing of training booklets, modules, and production of various non-printed audio (cassettes) and visual materials.
- (c) A basic learning fund to support learning programs developed and initiated with village participation.
- (d) Related technical assistance.
- (e) A radio education delivery capability.

The Kabupaten Sorong has been selected for this subproject because like many communities on the outer islands it is relatively isolated and the vast majority of people have not had educational opportunities. Priority would be to serve the poorest and most disadvantaged youth, young adults and women. Particular emphasis would be placed on providing training in practical skills in crafts, agriculture, and marketing designed to increase incomes. To facilitate the mobility of the Penmas staff (in particular the access of fieldworkers to the target population) the subproject would finance seven longboats.

The proposed project would provide the services of one U.S. specialist in non-formal education for three years. Three Indonesians specialists in non-formal education would be employed: (1) expert in developing materials (particularly audio and visual media); (1) radio education specialist; (1) non-formal education fieldworker trainer. Each would be employed for three years.

Estimated Costs: US \$345,000 (FX)
US \$428,000 (LC)

2. Indonesian Center for Assessment Services

Under colonial rule Indonesians had little chance for formal schooling. In 1940 only 34,550 students were enrolled in secondary schools and less than half of these students were Indonesians. In the same year only 37 Indonesians graduated from all types of tertiary education institutes. Now, however, a majority of children receive some primary

education, and a network of secondary schools and tertiary institutions flourish. But, problems remain in the education system. There is a high drop-out rate among primary school pupils, particularly the rural poor children, largely because of the lack of relevance and effectiveness of primary school instruction. One reason for not having developed a better system is a lack of evaluative and measurement instruments for showing the strengths and weaknesses of the present instruction.

Testing and assessment remains at the low levels. Existing instruments tend only to measure the facts that the pupils have memorized, since factual information is relatively easy to teach and to test for. Developing countries need to have the learning that allow their young citizens to move beyond this level to the more productive and creative levels of interpretation, evaluation, analysis, and synthesis. Well constructed tests ensure that adequate consideration is given to a learning system that really can make a difference in the pupils ability to handle real life problem-solving situations. A good testing program will have a salutary effect on the overall instructional situation.

To develop an appropriate evaluative and measurement program in Indonesia, it is proposed that:

- I. A Center for Assessment Services be established within the Bureau of Research and Planning (BRP) and staffed by about five people who have experience and an interest in educational measurement.
- II. The Center for Assessment Services carry out task to:
 - (a) Provide technical assistance to provincial education authorities, helping them with the development of tests that is routinely carried out by the provinces.
 - (b) Conduct regional workshops for lecturers in teacher education programs to upgrade their skills in educational measurement.
 - (c) Develop reference tests, keyed against the Indonesian Curriculum "75". These tests would be standardized but not norm referenced. Their purpose would be to enable educational administrators to assess strengths and weaknesses in teaching related to Curriculum "75".

- (d) Provide assistance to other sections of BRP and other groups within the Ministry of Education as the need for tests and other assessment devices arises (e.g. in program evaluation work, in needs assessment projects, etc.)
- (e) Provide a capability within the Ministry of Education to upgrade certification and related processes. It is assumed that technical education institutes under the Ministry would benefit from such assistance.
- (f) Join with other southeast Asia countries in the development of measurement skills for education.
- (g) Conduct validity studies of current selection programs, and if necessary, work with the current test developers to improve the predictive validity of the selection tests.

The careful assessment of whether education is serving national and regional needs, the guiding of educational endeavors into productive pathways, and the motivation of individual teachers and students are all functions of appropriate assessment procedures. An Indonesian Center for Assessment Services could provide the impetus and expertise to ensure that these worthwhile functions are properly carried out.

Every nation, developed, developing, or underdeveloped, depends to a major extent on education to attain economic stability, gain political security, and improve the general welfare of its people. This is no less true in Indonesia where the majority of the population is rural and poor. More educational opportunities must be made available to the rural children but these opportunities must make it possible for the children to improve living conditions in the rural areas.

The following is a list of tasks a contractor would perform:

- (a) Consult with BRP senior administrators in the selection of the nuclear staff of the National Center for Assessment Services.
- (b) Host the nuclear staff (about five members at the U.S. Institution over a six month period. During this time the Indonesians would work on current testing and test construction programs;

- (c) At the conclusion of the six months training program institution staff members would work in Indonesia. The staff would provide technical assistance to the newly installed and trained Indonesian staff at the Center for Assessment Services. Introductory brochures and handbooks for Indonesian educational leaders in the provinces would be prepared and a number of workshops developed and tried out in various parts of Indonesia.
- (d) Over a period of three years, the contractor would continue to host Indonesians selected by the Ministry of Education to become new members of the Center. Their training would be tailored to the needs of the Center and to the background of the trainee.
- (e) Also, during this initial three year period, the contractor would provide on-site technical assistance to the Center as it develops a first set of standardized tests in basic skills, its first minimal competency scales (defining the level of competency, and skills expected of students who have completed a primary education) and its first selection diagnostic and certification tests.
- (f) The contractor would aid in the development of and critique, educational materials designed to upgrade the measurement knowledge of those working in training teachers.
- (g) The contractor would assist BRP in conducting an in-house development evaluation of the Center's operation over its first two years. This evaluation would attempt to find out what services are productive and appreciated, what services are seen as mis-applied, and what the Center should do in its second triennium.

Estimated Total Project Costs: US \$775,000 (FX)
 US \$108,000 (LC)

3. Crop Protection Program

Large quantities of rice producing plants and stored rice are lost each year in Indonesia as a result of rat damage.

The damage to plants occurs in two patterns in Indonesia, one super-imposed upon the other. The first is chronic damage which occur every year, in all areas, and, though highly variable, even from field to field, may average from five to ten percent. The second pattern, which is not understood very well, is that of exceptionally heavy damage associated with sudden population increases of rats, over wide-spread areas. These outbreaks occur at somewhat irregular intervals, but have apparently been documented in various parts of Indonesia during the years 1915, 1938, 1963 and possibly in the early 1970's, leading to reports of 30 to 100 percent damage in some areas. The importance of rat damage goes beyond the actual loss, since farmers identify rats as a risk to successful agriculture and may be reluctant to risk costly inputs required by high yielding varieties. This has particular relevance to small farmers who are least equipped to afford agricultural inputs and who would suffer most from a major crop loss.

The Indonesian Department of Agriculture has a Crop Protection Program which includes research on rats and applied control measures, but the program is not operating as effectively as necessary. AID funding will be used to further strengthen the DOA's capability to deal effectively with rats through:

Training programs in-country and abroad	\$ 600,000
Technical assistance	550,000
Commodity support	400,000
Research/training facilities	800,000
Estimated Cost	<u>\$2,250,000</u>

4. Feasibility Study - Tuntang River Basin Development

This subproject involves a feasibility study for water management on the Tuntang River in the province of Central Java. This water control facility will be located approximately 30 Km. southeast of Semarang, the province capital, which has an approximate population of 700,000. The Tuntang is one of several rivers flowing into the Java Sea and draining the plain and adjacent highland to the east of Semarang. This area is known as the Jratunseluna Basin comprising approximately 7,700 Km² (2,973 sqm).

The reservoir will be located about 15 Km. east of the Jragung Dam which is currently being designed under AID financing, Loan 497-T-040, and which will go into the construction stage with IBRD financing late this year. The proposed Tuntang facilities then is the second in a series of planned water development projects in the Jratunseluna Basin. A prefeasibility report was prepared by NEDECO of the Netherlands in July, 1975. This report recommended that investigation of the development possibilities of the Tuntang River be

continued and that the technical and economic feasibility of constructing a water storage facility on the river be made.

The project was proposed to USAID by the Directorate General of Water Resources. It is estimated that 80 percent of the project benefits will accrue to the food, nutrition and health sectors.

Farms in the area are very small (average 0.79 hectare) and yields low (production under the present conditions hardly suffices for home consumption). The present annual net income from an average farm is estimated at \$150.

The major crops grown at present in the project area are rice, maize, cassava, sorghum, tobacco, soybeans, peanuts, sweet potatoes and a large variety of vegetables. With the facilities proposed it would be possible to irrigate up to 31,000 hectares during the wet season and, what is more important, extend the area irrigated in the dry season considerably -- e.g., from 6,000 to 28,000 hectares primarily for rice cultivation.

In addition, the reservoir will help in alleviating flooding problems to substantial areas downstream of its location. This will result in savings to rural villages in lives, properties and associated crop damage. Further, there is an acute shortage of water to rural villages and towns in the Jratunseluna Basin. This project is part of a system of water control projects throughout the area, which when completed, will assure that all inhabitants of the area have ample drinking water during the dry season.

Project Team: Engineering Consulting firm with GOI counterparts.
Project Time: One year
Estimated Total Project Cost: US \$850,000 (FX)
US \$241,000 (LC)

5. Social Services Delivery Program

In Indonesia the term "kampung" refers to a compact settled community, comprised mainly of low income transplanted rural families who lack necessary and basic social services. These communities have aptly been called "in town villages".

As population density is high in these areas, physical and social ills are visible in staggering proportions and, because these are the very people that are called upon to do the menial, manual and unskilled tasks every large urban area requires, their infirmities can and do spread to otherwise

healthy segments of the community. The inhabitants of these kampungs abide in abject conditions even greater than those of their equally poor rural cousins. In these urban hamlets they are denied the open space, the clean air and the cheaper cost of living of the country-side. Fortunately, however, one factor in their living-conditions provides a substantial opportunity for its alleviation -- concentrated humanity. Where else could social, medical, educational, nutritional and family planning services be so accurately targeted at a minimum unit cost? Certainly not in the scattered centers and settlements of the country-side. Where else could an assault on any of these problems be so conveniently and effectively made, measured and monitored than where a compact human laboratory exists? Here is where tens of thousands can be reached in the time it takes to help a few hundred with medicines, books, marketable skills, sanitary advice and dietary supplements. While it is proper and desirable to counter urban drift, and these efforts should not cease, it is also realistic to recognize that the poor majority live here also along with malnutrition, disease, death and despair.

This is not an activity that would unwittingly make urban life more attractive, but a necessary and organized attack on large clusters of the poor people inflicted with too many social and physical diseases that can infiltrate all society.

Social Services Delivery Program (SSDP) is designed to provide minimum basic improvements to those at the bottom of the economic ladder. Typical improvements up to now have included upgrading of existing access roads and footpaths, improvement of drainage to prevent flooding, improvement in water supply and toilet/washing facilities by the provision of public toilet facilities, laundry areas with standpipes for water and boxes for garbage disposal.

In the future SSDP will include vocational training with job placement, facilities for health care and nutrition. Over the next five years at least 17 centers in Indonesia should have a SSDP in operation. While the major donor, to date, has been the World Bank^{1/}, the Government of the Netherlands has plans to finance SSDP in at least four of the 17 centers (Bogor, Tangerang, Bekasi and Cirebon) at a cost of

^{1/} The World Bank has committed \$70 million to date and is presently considering obligating an additional \$140 million to finance the SSD Program over the next five years.

\$2.5 million. In addition, UNDP and UNICEF are contributing funds for research studies on possible socio/environmental improvements for \$.5 million.

In planning, implementing and maintaining this program, the GOI is requesting technical assistance and training for their staff at the central, provincial and local levels. The assistance requested under this proposal is two-fold: one is technical assistance in the form of a team of consultants working directly with the Directorate General of Housing, Planning and Urban Development and the other is a two to four month overseas training program for local technicians and managers and an in-country seminar.

Technical assistance is required for the three principal stages in the preparation of the SSDP:

- (a) Project Identification - assistance in defining the project, establishing procedures and administrative framework, and developing a workplan for implementation.
- (b) Project Planning - assistance in documenting financial arrangements, developing scopes of work, selecting consultants, and reviewing final plans.
- (c) Project Implementation - assistance with technical monitoring-evaluation and financial control for project implementation at the local government level.

To provide the GOI with technical expertise and advice during these three phases, it is requested that three consultants work with the GOI for 2 to 2.5 years to manage the preparation of SSDP for 17 centers. The types of expertise required, with experience in projects relevant to SSDP are:

- Physical Planner/Engineer
- Financial/Development Administrative Specialist
- Social Planner/Engineer

Since the SSDP is a new concept for Indonesia, there is a lack of knowledge in planning, implementation, administration and maintenance within the central, provincial and local levels of government. For this reason, the GOI is requesting the services of one consultant for 1.5 years to establish training programs. It is planned that these programs be held in each province or major center in the form of workshop seminars. It is intended that the training consultant gather specific information from the technical assistance team to establish

course outlines and manuals.

In addition to these workshop seminars, the plan is to send two key technicians from each of the 17 centers for training outside of Indonesia for two to four months. This training could be in the United States or some neighboring country in southeast Asia. The objective would be to enable these individuals to learn to deal effectively with the daily problems of managing developmental projects in the kampungs.

Personnel Required: Four Consultant Specialist
Time Required : 7.5 to 9 man years
Estimated Total
Project Cost : US \$1,000,000 including training aids/
equipment (FX)
US 388,000 (LC)

Part IV. Project Specific Analysis

It is obvious from the preceding section of this paper, this loan will be financing many different types of subprojects for technical assistance, consulting services, training and associated commodities. Some proposals that we expect to consider will be end activities in themselves. Others, on completion, will merely be the point of departure for projects to be financed by AID, independent of this loan, or by other donors. Accordingly, it is impossible to provide at this time, the analytical and/or feasibility reviews normally expected in this section of a project paper. However, for each subproject, as part of the USAID approval process, a careful review will be made of the data submitted to satisfy the secondary Conditions Precedent of the Project Agreement. The review will address, as applicable, major AID concerns including:

- (a) Economic feasibility
- (b) Social Soundness
- (c) Environmental factors
- (d) Technical feasibility
- (e) Administrative requirements
- (f) Replication potential
- (g) Woman's role and impact

On completion of the review the eligibility of the activity for AID financing will be determined and the GOI accordingly advised by Implementation Letter.

Part V. Financial Plan

The project is estimated at a total cost of seven million dollars of which the GOI contribution will represent approximately two million dollars or 28 percent of the total.

The AID parent financing will be a five million dollar, 30 year loan. Foreign exchange subproject financing will be as agreed upon with the GOI after these costs have been established in contracts and/or procurement documents. Local currency financing, which the Project Agreement will permit, will be made as appropriate for specific subprojects eligible goods and services.

For AID financing each subproject proposal will require a financial plan detailing major categories of proposed expenditures for foreign exchange and local currency costs from GOI, AID and other donor resources.

It is assumed that most if not all foreign exchange commodities and services will be secured from the U.S. and AID Geographic Code 941 sources or implemented by contractors/consultants from those code countries. Accordingly, these activities will be financed by Letter of Credit established under Letters of of Commitment. The cost of local source goods and services will be financed on a reimburseable basis.

Part VI. Implementation Plan

<u>Action</u>	<u>Party</u>	
1. Project Paper Submission	USIAD	May, 1978
2. Loan Authorization	AID/W	
3. Project Paper Signed	GOI/USAID	
4. Initial CP's Satisfied	GOI	

The foregoing four items are the formalized sequential events that attend the majority of AID financed loan activities. However, because of this project's diverse activities, the different subproject life spans that will operate within the established PACD and the substantial contractor implementation that will be involved, it would be impossible to prepare a realistic Implementation Plan beyond the point when initial Project Agreement CP's are satisfied. Nevertheless, certain known actions will take place, although their timing is not now determinable.

To minimize authorization-to-implementation delays Pre-implementation actions will be taken as they are applicable to various subprojects.

These Pre-implementation actions would include but not be limited to:

- (a) Securing reasonably defined commodity lists -- with specifications.
- (b) Identifying potential contractors, their qualifications and availability.
- (c) Confirming GOI manpower and commodity inputs.
- (d) Ascertaining commodity quotations, delivery schedules, etc.

After the initial CP's have been satisfied the course of implementation will be dictated or at least determined by the specific subproject under consideration. However, general procedures would maintain (prior to USAID subproject funding approval)*. These would include, as properly applicable, a USAID review of the activity's:

- (a) Relevance to the Congressional mandate including FAA 116.
- (b) Financial elements.

Although most discussions, modification and resolution of subproject concepts, design and implementing approach will be primarily with GOI line or operating ministries and/or agencies, the Mission will only entertain and respond to assistance requests from BAPPENAS, the National Development Planning Agency of the GOI.

The Mission's monitoring of each subproject will be at two levels -- the technical level by the concerned USAID Office and at the Programming level by that Office. The Mission's Technical offices will be responsible for project stewardship while the assigned Program Officer will oversee progress of the activity towards established Program Office objectives and sector goals.

To ensure that all subproject goods and or services contracted for are delivered or completed within the established PACD of the Project Agreement, a terminal date for initiating procurement of these goods and/or services will also be established in the agreement.

* See also Part IV, Project Specific Analysis.

After each separate subproject is completed relative to the AID commitment therein, the contractor, consultant or other implementing agent's final report will suffice until the AID Project Officer prepares the Loan's formal Project Completion Report.

PART VII - EVALUATION PLAN

Because of the variety in nature and scope of the types of subprojects to be implemented under this loan, it is impossible to predetermine the exact process, form or scope of evaluation for either subprojects or the loan as a whole. The basic document of course, will be the Project Evaluation Summary (PES) with adjustment as dictated by the nature of the specific subproject. Evaluation of subprojects would be on a yearly basis and rely primarily on review of project records and implementation reports as well as interviews with subproject personnel, both GOI and foreigners. No need for field level impact surveys for the types of subprojects envisioned under this loan is foreseen, but if that type of survey in a particular case is feasible it will be carried out.

In addition, each subproject description will include an evaluation plan that will identify the purpose and method of that project's evaluation.

PART VIII - CONDITIONS AND COVENANTS

I. The loan will have the two traditional Conditions Precedent to Initial Disbursement:

1. The opinion of the Minister of Justice of the GOI that the Project Agreement has been duly authorized or ratified by, and executed on behalf of the Government and is a valid and legally binding obligation of the GOI, and

2. the name(s) and signature(s) of the person(s) designated by the Government to represent the GOI in matters regarding the loan.

II. In addition, the following secondary Conditions Precedent to Disbursement for each subproject will apply:

1. A reasonably

(a) adequate description of the subproject that would permit USAID's review and analysis of the activities economic, technical, administrative, environmental and

social factors together with it's replication potential.*

(b) definitive scope of work that a consultant/contractor would be required to execute.

2. A financial plan identifying sources of local and foreign exchange funds and allocating these resources to estimated in-country and off-shore expenditures.

3. Satisfactory information on the way in which the subproject (or the development activity to result from the subproject) will have a predominate orientation to the needs of the poor and women in Indonesian society.

4. A statement that the GOI's contribution, including administrative, logistical and personnel support, will be made available on a timely basis.

5. In those cases where engineering/final design services are required, evidence that (i) project feasibility has been established, (ii) financing will be available on a timely basis to undertake the physical project as designed, and (iii) there are no significant adverse environmental effects of the physical project.

* Also see Part IV, Project Specific Analysis.

TECHNICAL ASSISTANCE/CONSULTING SERVICE

LOAN 497-T-040

DESCRIPTION, STATUS AND STATISTICS*

Original five million dollars (\$5,000,000) Loan Authorized: 12/31/75

Loan Agreement Signed: July 28, 1976

Initial CP's Satisfied: October 7, 1976

Terminal Disbursement Date: August 31, 1979

One million dollar (\$1,000,000) Amendment Authorized: December 21, 1977

Loan Agreement Signed: April 12, 1978

There are eight subprojects that have been or are being financed under this loan.

1. Jragung Dam Final Design

Description and Status:

A multipurpose project consisting of the Jragung Dam and saddle dikes, powerplant, river outlet facilities, and the Tuntang diversion facilities. Principal benefits are to be derived from dry-season irrigation of rice, municipal and industrial water supply for Semarang City, hydro power, and flood control.

The Consultant, ECI, is basically on schedule in accordance with the approved Inception Report Schedule. Design stage investigations for the dam and structures foundations, embankment and other construction materials are progressing satisfactorily. The Consultant's "General Design Criteria for Dam and Dikes" was received and approved by DGWRD and USAID.

ECI submitted a training program for DGWRD personnel, which USAID approved. The first part of the program sends four Indonesian engineers, presently working as counterparts in the Consultants' field office at Semarang, to the Consultants' Denver office for four months for actual participation in the design work. The second part of the program provides training for six Indonesian engineers in the U.S. for one to three months. Procurement of the majority of items from an approved list of special equipment has been approved by DGWRD and USAID. An IBRD

*For the interested reader, complete background information on this loan can be found in the original project paper. The most current data on subproject implementation would be found in the Mission issued Quarterly Project Status Report.

team visited the site in September. IERD has indicated their intent to finance early construction, possibly late 1978, of the river diversion facilities* for the dam which is the first stage in the construction work. The GOI is presently negotiating a loan with the IERD for construction financing of the dam; it is estimated that the project will cost \$75 million over five years.

2. University of Indonesia - New Campus Design

Description and Status:

Complete the physical masterplan for a new campus of the University of Indonesia. This is to include the production of site analysis maps; utilities analysis report, topographical model of campus plan alteration; one architectural model of the campus plan and a final estimate of total campus development costs. The university signed a contract in April, 1977, with Asia Consult. The masterplan for the new campus and the project has been completed. Final disbursement was made in November, 1977.

3. Central Java Conversion Training

Description and Status:

Train an estimated 300 PLN personnel in order for them to convert 240,000 electric service customers from an existing 127 volt distribution system to the recently completed 220 volt system throughout Central Java.

A contract was signed by PLN and an electric engineering consultant, C.T. Main, in June of 1977, to provide technical services and a training program. An L/Comm has been issued for C.T. Main. The PLN Semarang complex in that city is being used for the program. One hundred and seventeen participants have been trained to date. A new class with 35 participants is in progress.

4. Medan Power Engineering Services

Description and Status:

Provide engineering and other services to PLN for the Medan Electric Power System, the cost of which was in excess of the funds remaining in the primary Medan Power Loan (No. 497-H-022).

The work financed by this subproject was part of additional engineering services required for the Medan Power Project, and was completed in the Spring of 1977.

*The river diversion facilities are in essence a tunnel through which the river can be diverted from its existing course during construction.

5. Educational Technology

Description and Status:

This subproject emphasizes training for a wide range of expertise and skills as required by the GOI's instructional technology system to prepare professional personnel to manage and implement a nation-wide educational technology program that will eventually extend educational services to the rural areas. The subproject provides training of 20 Indonesians for MA degrees in the U.S., 10 Indonesians in a graduate program in-country, regional short-term training for 30 local people and 60 man months of technical assistance.

The Syracuse University team arrived October 20-25, 1977 and a contract was signed between the GOI and Syracuse. Twenty participants were screened and given orientation in November and departed for the U.S. in December 1977. The first group of 19 Indonesians have begun training in media production.

6. Medan Urban Development, Housing, Water Supply and Sanitation Description and Status:

Preparation of long-term urban development plans for Medan municipality. The subproject includes a first-stage housing project and master plans with first-stage improvement proposal for water, sewerage, drainage and solid waste disposal.

Formal approval of the shortlist of consultant firms as submitted by the Government Cipta Karya was delayed due to concern by AID/W regarding selection procedures.

In December, AID/W advised the Mission by phone that the procedures had been clarified to the satisfaction of the Agency. USAID formally approved the shortlist and advised Cipta Karya to inform all firms and to issue the request for technical proposals. The request for technical proposals was issued in January. Responses were received in March. Consultant team was selected in April. CP actions will be completed once contract negotiations with selected consultant are completed.

7. Brackish Water Fish Ponds/Irrigation System

Description and Status:

Conduct feasibility studies on the benefits of improvement to the brackish water ponds, canals, irrigation and water control systems. Select target areas for assistance and prepare plans and cost estimates.

The GOI requested that an external donor provide assistance to study means of improvement of the brackish water fish ponds/irrigation systems, and thereby increase the productivity of the ponds.

In September 1977, BAPPENAS requested that USAID undertake the project under the Technical Assistance/Consulting Services Loan (No. 497-T-040). DGF submitted a budgetary request for Rp. 27,500,000 which was approved and which will constitute their monetary contribution to the project, along with an additional 22,500,000 of assistance in-kind.

The project planning committee has completed preparation of the request for proposal. Advertisement of the request for proposals will be published before June 30, 1978.

8. Nutrition Surveillance System

Description and Status:

To collect nutrition base-line data pursuant to establishing a nutrition surveillance system that will provide reliable and prompt information on all important factors of the nation's nutritional status and trends. In mid March, 1978, BAPPENAS formally requested AID assistance for this subproject. As a result, a short-term consultancy has recently been arranged to assist the GOI in conceptualizing their ideas and intentions into a formal scope of work that a contractor would implement. Procurement action has been initiated.

FINANCIAL STATUS

The initial CP's for the parent loan was satisfied on the date previously shown. However, each subproject has pre-disbursement CP's. Accordingly, the financial status of the loan as of March 1, 1978 is as shown below:

Authorized amount with amendment (000 omitted) \$6,000

A. Secondary CP's Satisfied and Funds Obligated

Jragung Dam Final Design	\$1,379*	
University New Campus Design	264**	
Central Java Conversion Training	321	
Medan Power Engineering Services	73**	
Educational Technology	<u>800</u>	
	Total	\$2,837
	Balance	\$3,163

* \$263 disbursed

** Fully disbursed

B. AID Approved Activities but Secondary CP's Not Satisfied

Nutrition Surveillance System	\$1,000	
Medan Urban Development, Housing, Water Supply and Sanitation	1,500	
Brackish Water Ponds/Irrigation System	600	
	Total	\$3,100
	Balance	\$ 63

TECHNICAL ASSISTANCE/STUDIES

LOAN III

Certification Pursuant to Section 611(a) of FAA

I, Thomas C. Niblock, the principal officer of the Agency for International Development in Indonesia, has taken into account among other things, the experience of BAPPENAS as the central Government agency for administering, coordinating and monitoring foreign assistance received by the Republic of Indonesia. In addition, I am cognizant of BAPPENAS and most of the other concerned agencies, competence and ability in implementing projects similar to that proposed in this Technical Assistance/Studies Loan.

Therefore, I do herewith certify that in my judgment the Government of Indonesia has the financial capability and human resources to effectively utilize the assistance to be provided under this loan.


Thomas C. Niblock, Director

May 16, 1978
Date

DRAFT
LOAN AUTHORIZATION

Pursuant to the authority invested in the Administrator, Agency for International Development ("AID"), by the Foreign Assistance Act of 1961, as amended ("ACT"), and the delegations of authority issued there under, I here authorized the establishment of a Loan pursuant to Part I, Chapter I, of said Act to the Government of the Republic of Indonesia ("Borrower") of not to exceed five million United States dollars (US\$5,000,000) to assist in financing the United States dollar and local currency costs of professional services, related commodities and training. This authorized amount shall be allocated as indicated here among the development assistance categories shown:

103 Food and Nutrition	US\$3.0 million
104 Population Planning and Health	US\$0.5 million
105 Education & Human Resources Development	US\$1.3 million
106 Technical Assistance, Energy Research & Reconstruction and Selected Development Problems	US\$0.2 million

This loan is to be subjected to the following terms and conditions:

1. Terms of Repayment and Interest Rate

Borrower shall repay the Loan to A.I.D. in United States dollar within thirty (30) years from the date of the first disbursement under the Loan, including a grace period of not to exceed ten (10) years. Borrower shall pay to A.I.D. in United States dollars, interest at the rate of two percent (2%) per annum during the grace period and three percent (3%) per annum thereafter on the outstanding disbursed balance of the Loan and on any due and unpaid interest accrued thereon.

2. Other Terms and Conditions

a. Except as A.I.D. may otherwise agree in writing:

(1) Goods and services financed under the Loan shall have their source and origin in the United States, Indonesia and countries included in A.I.D. Geographic Code 941.

(2) The Borrower shall agree, by condition precedent, covenant, or both, to provide on a timely basis its portion of project financing at levels and under arrangements acceptable to A.I.D.

b. Projects and subprojects financed under this loan must be predominantly oriented towards the needs of Indonesia's poor.

c. The Loan shall be subject to such other terms and conditions as A.I.D. may deem advisable.

AA/ASIA

Date

Project Title & Number: Technical Assistance/Studies III Loan

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATOR
<p>Program or Sector Goal: Two broader objective to which this project contributes:</p> <p>(a) Raise the quality of life and.</p> <p>(b) Improve the standard of living of the poor.</p>	<p>Measures of Goal Achievement:</p> <p>(a) Increased quantity, quality and variety of food consumed.</p> <p>(b) Reduced incidences of sickness and disease.</p> <p>(c) Higher per capita income levels.</p> <p>(d) Extended life expectancy.</p> <p>(e) Higher literacy rate.</p>
<p>Project Purpose:</p> <p>In economic and development sectors of mutual GOI and AID priority concern:</p> <p>(a) Provide timely studies/determinations of proposed project feasibility.</p> <p>(b) Through training, increase the competence and capability of Indonesians working in development and development related activities.</p> <p>(c) Make available professional services - for advice, counsel and recommendations.</p>	<p>Conditions that will indicate purpose has been achieved: End of project status.</p> <p>(a) Completed studies for development proposals.</p> <p>(b) Final design and plans for development projects.</p> <p>(c) Increased competence of GOI Administrators, managers and technicians.</p>
<p>Outputs:</p> <p>(a) Reports, studies, architectural and engineering drawings.</p> <p>(b) Enhanced skills of development personnel.</p> <p>(c) Greater awareness and familiarity of assistance process and methodology on the part of GOI ministry and operating agency personnel.</p>	<p>Magnitude of Outputs:</p> <p>Six to seven subprojects, i.e., feasibility studies, design plans, trained employees, constructive advice and recommendations.</p>
<p>Inputs:</p> <p>(a) Manpower - U.S. and GOI</p> <p>(b) Money - U.S. and GOI</p> <p>(c) Commodities</p> <p>(d) Services</p> <p>(e) Time</p>	<p>Implementation Target (Type and Quantity)</p> <p>(a) Required manpower.</p> <p>(b) AID Loan - U.S. \$5.0 million GOI contribution \$2.0 million</p> <p>(c) Undetermined commodities</p> <p>(d) Four years</p>

SUMMARY
 RATIONALE

ANNEX E

Life of Project:
 From FY 79 to FY 83
 Total US Funding \$5.2 million
 Date Prepared: 1-3-79

MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>(a) Government Statistics: Census figures, surveys and studies.</p> <p>(b) USAID Evaluations USAID Project Reports USAID Project Monitoring</p> <p>(c) Private Institution Reports and Studies</p>	<p>Assumptions for achieving goal targets:</p> <p>GOI continued commitment to improve standard of living of the poor.</p>
<p>(a) USAID Evaluation</p> <p>(b) Contractor/Consultant Reports</p> <p>(c) Project Reviews</p>	<p>Assumptions for achieving purposes:</p> <p>GOI continued commitment to increase inventory of development projects and activities.</p>
<p>(a) Number of bankable development projects available for financing in GOI Blue Book.</p> <p>(b) Number of Indonesians involved in preparing and implementing development projects from ministry personnel figures.</p>	<p>Assumptions for achieving outputs:</p> <p>Programs, projects designs, plans and reports are accurate, timely, and within the financial limitations of the project.</p>
<p>(a) USAID and GOI contract files and disbursement records.</p>	<p>Assumptions for providing inputs:</p> <p>(a) USAID Project Paper will be approved and loan authorized.</p> <p>(b) GOI financial and in-kind inputs will be available on a timely basis.</p> <p>(c) Contractors, consultants and commodities will be available.</p> <p>(d) GOI will provide participants.</p>



ANNEX F 010
- 58 11/77

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TAGS:

SUBJECT: PID FOR TECHNICAL ASSISTANCE/STUDIES III

REF: (A) STATE 233406, (B) JAKARTA 9382, (C) STATE 163674

1. ACTION ON SUBJECT PID WAS DEFERRED UNTIL AID/WASID HAD OPPORTUNITY TO REVIEW PROGRESS REPORT/JUSTIFICATION FOR EXTENSION OF TA/CONSULTING SERVICES LOAN 497-T-1A2. RESULTS OF THAT REVIEW COMMUNICATED IN REF A.) APAC NOW APPROVES PID AND DEVELOPMENT OF PROJECT FOR FY 79 AUTHORIZATION SUBJECT TO FOLLOWING CONDITION:

PROJECT AS WHOLE AND EACH INDIVIDUAL ACTIVITY FINANCED UNDER PROJECT MUST BE PREDOMINANTLY ORIENTED TO NEEDS OF POOR MAJORITY. AS TEST OF THIS ORIENTATION, STUDIES MUST BE FOR ACTIVITIES OF NATURE WHICH WOULD LATER QUALIFY FOR AID FINANCING AND MEET CRITERIA OF SECTION 116 (EVEN IF PROJECT IS EVENTUALLY FINANCED BY OTHER DONORS). PP SHOULD CONTAIN TENTATIVE LIST OF SUBPROJECTS THAT ILLUSTRATE DESIRED ORIENTATION.

2. APPROPRIATE ACCOUNT FOR AUTHORIZATION OF SUBJECT PROJECT STILL UNDER DISCUSSION/ USE OF FAA ACCOUNT 106, AS PROPOSED IN PID, TROUBLESOME ON TWO COUNTS:

(1) SECTION 106 INTENDED FOR USE WHEN PROPOSED ACTIVITY CANNOT BE AUTHORIZED BY SECTIONS 103-105; AND,

(2) SINCE FUNDS AVAILABILITY UNDER SECTION 106 IS SEVERELY LIMITED, USE OF SUCH FUNDS FOR FEASIBILITY STUDY/TECHNICAL ASSISTANCE PROJECT MIGHT PREEMPT OTHER PROJECTS THAT CAN ONLY BE FINANCED UNDER 106. OUR PREFERENCE MAY BE MULTIPLE-ACCOUNT AUTHORIZATION, BY THIS APPROACH SINGLE LOAN WOULD BE AUTHORIZED AND NEGOTIATED, BUT LOAN AMOUNT WOULD BE ALLOCATED AMONG VARIOUS FAA ACCOUNTS AT TIME OF AUTHORIZATION. E.G.,

CLASS	INITIALS	DATE
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PRU		
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MSP		
W. T. E.		
J. H.		
F. B.		
JAO/ADM		
PER		
TSU		
M. Pool		
MGT/CoA		

DQ.S. 2.5 MILLION, SECTION 105; DQ.S. 1 MILLION EACH
TO SECTIONS 104 AND 105; AND DQ.S. 500,000, SECTION
106, ETC. DISADVANTAGE OF THIS METHOD, WHEN SUBAC-
TIVITIES HAVE NOT BEEN PRECISELY IDENTIFIED AT TIME
OF AUTHORIZATION, IS DIFFICULTY OF TRANSFERRING FUNDS
BETWEEN ACCOUNTS TO SUIT IMPLEMENTATION NEEDS. WE
WILL CONTINUE TO EXPLORE ALTERNATIVES AND INVITE
USAID VIEWS ON SUBJECT/

3. FOR PURPOSES OF FY 79 CONGRESSIONAL PRESENTATION
IN CASE MULTIPLE ACCOUNT AUTHORIZATION IS DEEMED BEST
APPROACH, REQUEST USAID PROVIDE BEST ESTIMATE OF HOW
SUBJECT LOAN FUNDS SHOULD BE DISTRIBUTED AMONG FAA
ACCOUNTS/ IN FURTHER PROJECT DEVELOPMENT, ALSO RE-
QUEST USAID/GOI IDENTIFY SUB-ACTIVITIES TO MAXIMUM
EXTENT POSSIBLE TO MINIMIZE FUNDS-TRANSFER PROBLEMS
OF MULTIPLE ACCOUNT AUTHORIZATION. VANCE

BT

#1683

UNITED STATES GOVERNMENT

Memorandum

497-284 *Roan*
Carl H.

TO : Distribution

DATE: July 11, 1978

FROM : ASIA/PD, *Alexander* Love

SUBJECT: APAC Meeting
Indonesia - Technical Assistance/Studies III

There will be an Asia Project Advisory Committee (APAC) meeting to review the subject Project Paper (PP) on Thursday, July 20, 1978, from 10:30 a.m. to 12:00 p.m., in Room 6210 NS. Your participation is invited.

Attachments:

PP
Issues Paper

Distribution:

AA/ASIA:JH Sullivan
DAA/ASIA:MHB Miller
*ASIA/PD:ARL
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*ASIA/DP:RMeehan/RRoan (4)
*GC/ASIA:CStephenson
*DS/AGR:GCorey/DPeterson
*DS/UD:WMiner
*DS/EHR:RSchmeding
*DS/PO:RSimpson
*PPC/PDPR/SRD:HCohen (2)
*PPC/WID:ASFraser
STATE/EA:EHeglinbotham
OMB:RGreenstein
PPC/PIAS:RCunningham
DS/EY:AJacobs
DS/OST:JDaly
ES:LKelly

*PP already distributed



ISSUES FOR APAC REVIEW

INDONESIA

PP FOR TECHNICAL ASSISTANCE/STUDIES III

Background -

Subject project represents the third in a series of projects* designed to provide USAID/Indonesia with a flexible source of funds for future project development. The TA/Studies type of project, as proposed by USAID, has become progressively more flexible, i.e., the first project funded studies only while TA/Studies III could be applied to studies, small pilot projects, and limited technical assistance and training.

The PID for subject project was initially disapproved by AID/W, primarily because of the manner in which the TA/Consulting Services (II) project was being implemented. AID/W questioned the relevance of several subprojects funded under that loan (Campus Plan for the University of Indonesia; Water Supply and Urban Studies for Medan) to the New Directions. The PID was reconsidered and approved in October 1977 (see State 254683--Annex F to the PP) with the stipulation that the "project as a whole and each individual activity financed under the project must be predominantly oriented to needs of the poor majority". Selection procedures and the illustrative activities appear to comply with this guidance.

It should be noted that, in addition to illustrative subprojects described in subject PP, several of the PIDs recently approved for FY 80 call for significant levels of project development activity, e.g., Feeder Roads management (the PID specifically proposes use of TA/Studies III funds) and Soil Conservation Program (early studies and limited research by universities to develop appropriate methodology). Such activities could be financed under the Bureau's Project Development and Support Fund (PDSF), but the amount of financing required would represent a significant claim against the frequently over-subscribed PDSF.

The Committee recommends approval of TA/Studies III, subject to the resolution of the following issues:

1. Firmness of proposals -

The subprojects described in the PP are illustrative only, with no certainty that these activities will actually be carried out under the loan. Should AID/W require that firm proposals be developed for a given percentage of loan funds, e.g., 50%, before authorizing the loan?

2. Appropriateness of funding pilot projects under a TA/Studies "umbrella" -

Several of the illustrative activities are pilot projects, the largest of

*The earlier two are the Project Development Loan (497-H-027/complete) and Technical Assistance/Consulting Services Loan (497-T-040/still in progress).

which is a crop protection pilot activity estimated at \$2,250,000. In effect, permitting pilot projects to be financed under a TA/Studies loan (a) increases the redelegated authority of a Mission Director, and (b) potentially reduces the amount of scrutiny focussed on such a project. Without the TA/Studies mechanism, AID/W approval would be needed for pilot projects that exceed \$500,000, and AID/W PID approval and Mission Director approval would be needed for pilot projects under \$500,000. In either case, a PP would be developed. Is the Bureau prepared to make this effective "redelegation of authority" under the TA/Studies III project?

3. Appropriation accounts -

The currently preferred strategy for funding multi-sectoral projects like TA/Studies III is to authorize funds in each of the appropriation accounts to the extent that firm plans have been developed for use of the funds. Since TA/Studies III lists only illustrative activities, would Section 106 funding be preferable?

4. Social services delivery program -

One of the illustrative subprojects proposes technical assistance and training for a basic social services program benefitting low-income urban communities (Kampungs). AID/W earlier disapproved a Kampung Sites-and-Services HIG because urban development activities (even to slum-dwellers) did not fit within the approved AID strategy for Indonesia. Does a similar injunction apply to a kampung social services delivery subproject of TA/Studies III?