

PROJECT EVALUATION SUMMARY (PES) - PART I

Report Symbol U-447

1. PROJECT TITLE <b>RURAL WORKS (PADAT PABSA GAYA BARR)</b>			2. PROJECT NUMBER <b>497-0240</b>	3. MISSION/AID/W OFFICE <b>INDONESIA</b>
4. EVALUATION NUMBER (Enter the number maintained by the reporting unit, e.g., Country or AID/W Administrative Code Fiscal Year, Serial No. Beginning with 100.1 each FY) <b>FY81-5</b>			<input type="checkbox"/> REGULAR EVALUATION <input type="checkbox"/> SPECIAL EVALUATION	
5. KEY PROJECT IMPLEMENTATION DATES		6. ESTIMATED PROJECT FUNDING		7. PERIOD COVERED BY EVALUATION
A. Final PRO-AG or Emulment FY <b>75</b>	B. Final Obligation Expected FY _____	C. Final Input Delivery FY <b>80</b>	A. Total \$ <b>26,640,000</b>	From (month/yr.) <b>11/78</b>
			B. U.S. \$ <b>6,772,000</b>	To (month/yr.) <b>12/80</b>
			Date of Evaluation Review <b>2/5/81</b>	

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B. ACTION DECISIONS APPROVED BY MISSION OR AID/W OFFICE DIRECTOR

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., Letter, SPAN, PID, which will prevent detailed request.)	E. NAME OF OFFICER RESPONSIBLE FOR ACTION	C. DATE ACTION TO BE COMPLETED
<p>Project terminated September 1980</p> <p>Unresolved issues: The questions of improved subproject selection, design, construction, and maintenance relating to increased long term socio/economic benefits will be addressed under the Rural Works II project (497-0225)</p>	Paul A. Struharik	April 19, 1983 (PACD, RW II)

BEST AVAILABLE DOCUMENT

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) _____	A. <input type="checkbox"/> Continue Project Without Change	
<input type="checkbox"/> Financial Plan	<input type="checkbox"/> PID/T	_____	B. <input type="checkbox"/> Change Project Design and/or	
<input type="checkbox"/> Logical Framework	<input type="checkbox"/> PID/C	<input type="checkbox"/> Other (Specify) _____	<input type="checkbox"/> Change Implementation Plan	
<input type="checkbox"/> Project Agreement	<input type="checkbox"/> PID/P	_____	C. <input type="checkbox"/> Discontinue Project	
11. PROJECT OFFICER AND HOST COUNTRY OR OTHER RANKING PARTICIPANTS AS APPROPRIATE (Name and Title)			12. Mission/AID/W Office Director Approval	
Slamet Tjokropranoto, M.P. (GOI Asst. Project Officer)			Signature <i>Robert C. Simpson</i>	
R. Cohen, PRO	C. Rheingans, PD		Typed Name	
Ellert-Beck, PRO	P. Struharik, RD (Proj. Off.)		Robert C. Simpson, A/DIR	
F. Gage, PRO	R. Gibson, MIF, COP		Date	
D. Tinsler, RD	L. Muffette, MIF		July 16, 1981	

RURAL WORKS I, 497-0240  
PES, PART II

13. SUMMARY

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, was extended one year to September 30, 1979, and again to September 30, 1980. The extensions were 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. In November, 1978 the Rupiah was devalued. Because only local currency costs were involved in subproject design and construction the approximately 50% devaluation had the effect of increasing the undisbursed funds available for subproject construction by one half. This allowed the reimbursement of all GOI FY 1978/79 accepted subprojects to be funded from Rural Works I.

A total of \$6,771,658,98 was disbursed under the loan, and the outputs exceeded that expected at the beginning of the project. The project purpose was achieved in terms of providing employment and income to the rural poor in poorer Kecamatan, but the generation of short term employment received far more emphasis than long term benefits.

Participation in the PKGB program by the Royal Netherlands Government (RNG) began with GOI program year 1977/78, approximately AID FY 78. At that time the RNG began to reimburse the GOI for 37% of the construction cost, including survey and design costs, of subprojects inspected and accepted by USAID.

Rural Works II: Inputs and Outputs under RW II began with GOI FY 1979/80. No loan funds have yet been disbursed, but a \$1,173,000 disbursement is in process. The most significant outputs to date have been several management tools developed to improve the PKGB program and the training of over 1500 DMP employees in various subjects. The problems cited in the previous RW I PES have been addressed and solutions developed. The PKGB central office staff moved to new offices in May 1980 and there is now sufficient room for additional staff. Subproject selection surveys and standardized design formats with checklists have been developed and integrated into the PKGB program. The need for technically trained personnel has been addressed by designing and implementing a training program to upgrade the technical capabilities of selected PLPs (construction supervisors) within the DMP rather than hiring from outside the Department.

#### 14. EVALUATION METHODOLOGY

The primary reason for this evaluation is to provide an end of project summary for the Rural Works I Project. It will summarize the project's progress against its goal, purpose, and intended outputs. While Rural Works I is the principal subject of this evaluation, Rural Works II must also be discussed because the two projects support the same GOI program, overlap somewhat, and are inseparable. The evaluation has been conducted by the project officer in conjunction with Department of Manpower officials, New TransCentury Foundation personnel, and USAID officials. It is based on a review of project documentation including subproject final inspection reports, contractor reports, various other progress reports, and on personal observation.

#### 15. EXTERNAL FACTORS

1. During the past two years the PKGB program has continued to receive considerable attention and support throughout the GOI.

a) One testimony to this has been the "terpadu" or integrated aspect of the program. Under this program the Kecamatan in which subprojects are located are chosen by BAPPENAS rather than at the Province level. The location of the subproject within the Kecamatan and the type of subproject is still determined by the DMP office at Kabupaten in conjunction with local officials, as in the regular program. For GOI FY 1980/1981 100 of 600 subprojects were directed to specific Kecamatan by BAPPENAS. For GOI FY 1981/1982 the number grew to 400 of 700 subprojects. Many of the Kecamatan to which subprojects were directed were poor remote Kecamatan in the outer islands. Although this argues well for the Government's concern for the poorer areas of the country, it causes considerable problems for the application of improved subproject selection techniques and even for the supervision of subproject construction. A concern for the future under RW II is to ensure that the forced placement of subprojects does not become so extensive as to negate the improvements made in subproject selection and overall program management.

(b) Another example of external attention was the expansion of the PKGB regular program to East Timor. PKGB was selected as one of two USAID supported government projects to be introduced to the new province.

(c) Finally, high level government officials continue to cite the need to apply labor intensive methods to other development programs.

2. The most significant external factor occurred in late 1978. This was the devaluation of the Rupiah. Since the great majority of money obligated under Rural Works I was used to fund local currency costs of subproject design and construction, the approximately 50%

devaluation had the effect of increasing the undisbursed funds available under the loan for subproject construction by one half. This allowed RWI to reimburse virtually all accepted subprojects through GOI FY 1978/1979 rather than terminate RW I funding in the middle of the year as earlier projected.

16. INPUTS

Rural Works I

AID inputs over the life of the project have included funds for subproject construction, including survey and design, and for technical assistance. The FAR disbursement process continued to function adequately throughout the period and, basing their reimbursement on USAID's acceptance of subprojects, the Dutch processed their first reimbursement for subprojects constructed under the GOI FY 1977/1978 program. The GOI continued to pre-finance subproject design and construction during this reporting period. The following is a summary of inputs.

PKGB FUNDING  
(US\$000)

Subprojects

<u>IFY</u>	<u>Reimbursement</u>		
	<u>GOI</u> <u>Prefinanced</u>	<u>AID</u>	<u>RNG</u>
1974/75	2,650	-	-
1975/76	3,860	356	-
1976/77	4,830	1,203	-
1977/78	6,650	2,070	2,000
1978/79	8,650	2,427	2,353
SUB TOTAL	<u>26,640</u>	<u>6,056</u>	<u>4,353</u>

Other AIP Inputs

1977/78 Advance for Subproject Design,	
Training & Evaluation	388
Technical Assistance	328
Total AID Inputs	<u>6,772</u>

Of the \$ 6,900,000 authorized for RWI, the \$ 28,000 in undisbursed funds was deobligated in September 1980 with the expiration of the TDD. Although this terminated activities under Rural Works I, the project was kept open until January 1981 in order to allow time for final accounting for the 1977 advance for subproject design, training and evaluation.

Rural Works II  
Loan

PKGB Funding  
(\$000)

Subprojects

<u>IFY</u>	<u>GOI</u>	<u>AID</u>	<u>RNG</u>
1979/80	10,860	2,665 (Estimate)	1,900 (Estimate)

Inputs are planned to fund subproject reimbursement (\$22,600,000), including survey and design, incountry and overseas training (\$1,100,000), and the construction of a Labor Intensive Research and Training Center (\$1,300,000), and a grant funded expanded technical assistance effort (\$3,000,000).

Reimbursement for GOI FY 1979/80 subproject construction, including survey and design, begins activities under the Rural Works II loan. The first reimbursement request for GOI FY 1979/80 subprojects was received from the GOI in mid-October 1980. The reimbursement could not be processed, however, because of Recommendation No. 2 of AID Memorandum Report No. 2-497-80-19 dated August 29, 1980 which suggested that no additional loan funds (Rural Works I or II) be released until the 1977 advance was fully accounted for. In order to comply with the Recommendation the processing of reimbursements was delayed until the recommendation was closed in early February 1981.

Grant

Total Funding	Expended Todate	Pipeline
\$ 3,000,000	1,095,000	\$ 1,905,000

Grant funded technical assistance to the DMP began in June 1979. The purpose of the assistance is to improve program management at central and local levels; to intensify personnel training efforts, particularly in-country; to upgrade subproject selection, planning, construction, maintenance, and evaluation; to design and construct a PKGB Research and Training Center for Labor and Intensive Technology; and to design and pilot test nutrition interventions in the PKGB program.

In line with these purposes the contractor has developed several project management tools and trained DMP personnel in their use. The new tools and technical upgrading programs, as described in the outputs section of this report, have been integrated into the PKGB program in the major provinces, but not yet country wide. In December 1980 the DMP requested that additional technical assistance be provided under the contract with New TransCentury in order to provide more uniform technical assistance throughout Indonesia and to support the introduction of program improvements in provinces which had not yet adopted them.

Meetings were held between representative of the DMP, the Royal Netherlands Government (RNG), the New TransCentury Foundation (NTF) and USAID. The DMP request was considered to be justified, particularly because the bulk of projected program expansion was scheduled to take place in the areas concerned i.e.: Southern Sumatra, Kalimantan, NTB, NTT and the Malukus. The number of subprojects in these areas will more than double (93 to 189) between GOI FYs 1979/80 and 1981/82. Action has been initiated to expand the amount of technical assistance provided under the contract, to extend the contract to allow sufficient time for the additional TA to have an impact, and to increase funding accordingly.

17. OUTPUTS

Rural Works I

The number of Kecamatan planned for PKGB subprojects and the actual number involved is as follows:

<u>IFY</u>	<u>Planned</u>	<u>Actual</u>
1974/75	100	100
1975/76	150	138
1976/77	200	169
1977/78	300	350
1978/79	300	480
Total	<u>1050</u>	<u>1237</u>

The two principal outputs under the project are mandays of employment (short term benefits) and the number of completed subprojects (long term benefits). The following charts summarize these outputs.

	<u>Kecamatans</u>	<u>Total Subprojects</u>	<u>Average workers per subproject per day</u>	<u>Total Mandays of employment</u>
1974/75	100	193	259	5,441,335
1975/76	138	182	357	6,969,378
1976/77	169	182	324	8,545,640
1977/78	350	358	296	12,311,742
1978/79	480	480	253	12,540,175
Total	<u>1237</u>	<u>1395</u>	<u>298 (average)</u>	<u>45,808,270</u>

PKGB SUBPROJECTS

IFY	Total Sub-projects	Total Funding (US\$000)	Roads		No	Canals		Terracing/Reforest.		Other	Sub-proj. Re-imb.	AID Funding (US\$000)
			No	Km		Km	Ha	No	Ha			
74/75	193	2,650	75	566	91	541	31,000	24	1876	3	-	-
75/76	182	3,860	102	713	61	493	38,000	14	1845	5	50	356
76/77	182	4,830	102	750	70	547	37,850	10	906	-	143	1,203
77/78	358	6,650	248	1560	100	531	29,800	10	870	-	293	2,070
78/79	480	8,650	341	2235	135	930	52,300	4	245	-	352	2,407
	<u>1,395</u>	<u>26,640</u>	<u>868</u>	<u>5824</u>	<u>457</u>	<u>3042</u>	<u>188,950</u>	<u>62</u>	<u>5742</u>	<u>8</u>	<u>838</u>	<u>6,036</u>

Rural Works II

Outputs began with the 1979/80 program and for subprojects and training are summarized as follows:

PKGB SUBPROJECTS

IFY	Total Sub-projects	Total Funding (US\$000)	Roads		No	Canals		Terracing/Reforest		Other	Sub-proj. Re-imb.	AID Funding (US\$000)
			No	Km		Km	Ha	No	Ha			
9/80	502	10,860	360	1916	133	694	35,760	-	-	9	343	2,665*

\*Estimated based on inspection of 408 79/80 subprojects.

In-Country Training

IFY	Persons Trained	Number	Person - months of Training	Subject
1979/80	PLPs (Construction Supervisors)	654	228	Construction Techniques
	DMP Province & District Staff	394	55	Subproject Selection
	PKGB Technicians*	37	8	Technical Training
	DMP Center Staff and Province Project Officers	12	1	Project Management/ Technical Training (LTT)
1980/81	PLPs	340	118	Construction Techniques
	DMP Province & District Staff**	136	26	LTT
	Total to date	1573	436	

\* Followed by 1 year OTT

Includes some staff of other agencies including Public Works and Local Government.

In addition to the in-country training shown above, the PKGB Project Officer and five province level project officers received six weeks of International Leadership training at the International Institute of Rural Reconstruction (IIRR) in the Philippines.

Much of the training involved institutionalizing the use of management tools developed by the contractor in conjunction with DMP, RNG and USAID personnel. These tools along with the 106 person months of technical assistance are the principal outputs under the grant to date. Subproject selection training taught participants how to use and analyze selection surveys developed from key factors that led to successful subprojects in the past. PLP training included the use of new construction progress reports designed to identify problems in construction soon enough for corrective action to be taken. Project Management and Technical training taught key DMP personnel some basic engineering procedures such as plan and design reading, surveying, and volume estimation so that they can better deal with Public Works and can supervise their own technical personnel. This training utilized standardized design forms that have been given to each Public Works office throughout the country for use in designing FY 1981/82 PKGB subprojects. The forms require a Kabupaten map, Kecamatan map, layout and plan views, details of structures, and typical cross sections. Each of the required sections contains a checklist to be followed by designers so that the concerned Public Works office will know what is expected in the final design.

Rural Works I reports and evaluations often cited the need for the DMP to have its own technically qualified personnel rather than rely solely on the other agencies for technical input. In response to this need perhaps the most significant output to date involves the training of PKGB technicians. This program to produce technically qualified personnel from within DMP was begun after eliminating the possibility of hiring graduate engineers to provide needed technical expertise. Technicians have been selected from the best qualified and most successful PLPs (Construction Supervisors). All have at least one year's PKGB field experience, and most have two or three. They are given a one week intensive course by contractor and RNG personnel, and then one year's on-the-job training (OJT). Upon the successful completion of their training, they will become regular DMP staff.

These outputs should contribute significantly to achieving the purpose of the Rural Works II project.

#### 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 was achieved in terms of providing employment and income for the rural poor. Projects were allocated to poor, densely populated kecamatan with high rates of under-unemployment. The GOI gave

the program a high priority and it is currently viewed as an effective means of addressing the problems of rural poverty and under-employment. The GOI is looking for ways to use the PKGB concept in other programs.

The generation of short term employment remained the primary purpose of the project throughout its life. Nonetheless, the need to construct high quality subprojects that generate greater long term economic benefits received increasing attention and priority. This led to the larger technical assistance input planned for Rural Works II and the concentration of that effort on the areas of subproject selection, design, construction and maintenance. Although local governments certify that they will adequately maintain completed subprojects, this has not solved the problems of maintenance, and this question continues to be addressed under Rural Works II.

#### 19. GOAL

Rural Works I: "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 contributed 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

##### Rural Works I

No additional information has been gained on project beneficiarties since the previous PES. For that reason and because of the continued relevance of the previous discussion it is repeated herein.

The beneficiaries of the PKGB subprojects are the rural families living at or near subsistence levels in the poorest areas in Indonesia. Experience and 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 evaluations of PKGB subprojects 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. In late 1979 Thomas Leinbach completed the final report on an evaluation of 36 PKGB road projects. The following are some of the major conclusions of the two evaluations.

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 points posed a huge barrier. In many cases no marketing opportunities existed to selling 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 had 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.

## 21. UNPLANNED EFFECTS

The major unanticipated effect of the project was the degree to which it was accepted at both the local and central levels. This led to the expansion of the program being given a high priority. As a result, both the number of subprojects constructed and the number of locations

involved expanded much more rapidly than was originally expected. Beginning with the 1979/80 GOI FY the PKGB program was implemented in 26 provinces throughout the country (all except Timor Timur).

## 22. LESSONS LEARNED

Rural Works programs can be a very effective and direct means of addressing the problems of rural poverty and seasonal or chronic unemployment by providing short term benefits to the under-unemployed. The short term employment aspect of the program is relatively easily managed. Insuring that the works conducted will provide long term economic benefits is much more difficult, and is a function of both site selection and subproject design/construction. Decentralizing decision making concerning location and type of subprojects while providing overall guidance and policy seems to make the program responsive to local needs. This is particularly important in implementing this type of program in a country of diverse geographic conditions such as Indonesia.